



## MEMBER'S HANDBOOK CHANGE #46-I

The attached pages update your *Member's handbook* to include amendments approved by the Council to take effect November 27, 2014.

To bring your *Member's handbook* up to date, please remove the existing pages and replace with the new pages, as follows:

**Withdraw page(s)**

**Insert new page(s)**

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When you have incorporated this release into your handbook, you may find it useful to keep this page as a record by filing it at the end of your *Member's handbook* binder.

T.E. WARNER, BA, FCIS, P.Adm  
VICE-PRESIDENT AND REGISTRAR  
November 2014

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# MEMBER'S HANDBOOK

Revised to November 27, 2014  
including  
Change No. 46-I

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*Repealed*

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*Repealed*

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*Repealed*

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**CHARTERED PROFESSIONAL  
ACCOUNTANTS OF ONTARIO**

**REGULATION 4-7  
ISSUANCE AND USE OF DESIGNATIONS**

**Adopted by the Council pursuant to the *Chartered Accountants Act, 2010*, and the  
Bylaws on October 19, 2012, as amended to November 27, 2014.**

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**REGULATION 4-7  
ISSUANCE AND USE OF DESIGNATIONS**

**Adopted by the Council pursuant to the *Chartered Accountants Act, 2010*, and the Bylaws on October 19, 2012, as amended to November 27, 2014.**

**Definitions**

1. In this regulation, words have the same meaning as they do in the Act and bylaws.

**Issuance**

2. Subject to section 10 of this regulation, every Member in good standing of CPA Ontario shall have the right to the designation "Chartered Professional Accountant" and the initials "CPA" or "C.P.A.", and the Registrar shall cause to be issued to every Member forthwith and thereafter upon the Member's admission to membership a certificate bearing that designation.
3. A legacy CA Member in good standing of CPA Ontario shall, in addition to the right in section 2 of this regulation, have the right to the designation "Chartered Accountant" and the initials "CA" or "C.A.", and the Registrar shall cause to be issued to every Member upon their admission to membership a certificate bearing that designation.

*Amended April 15, 2014*

4. A Fellow in good standing of CPA Ontario shall, in addition to the right in section 2 of this regulation, have the right to the title "Fellow of CPA Ontario" and the initials "FCPA" or "F.C.P.A.", and the Registrar shall cause to be issued to every Fellow upon their election or deemed election as a Fellow a certificate bearing that title.

*Amended April 15, 2014*

5. A legacy CA Member who is elected a Fellow of CPA Ontario and is in good standing shall, in addition to the rights in sections 2 through 4 of this regulation, have the right to the initials "FCA" or "F.C.A." and the certificate issued to the Fellow shall so indicate.

*Amended April 15, 2014*

6. A Member elected or deemed elected as a Life Member shall not thereby gain the right to use any designation or initials, but the Registrar shall cause to be issued to the Life Member a certificate indicating that election.

*Amended April 15, 2014*

**Use of Designation**

7. Every legacy CA Member shall use the designation or initials set out in section 2 of this regulation followed by the designation or initials set out in section 3 of this regulation, with the designations or initials separated by a comma, as follows: "John /

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Jane Doe, CPA [or Chartered Professional Accountant or C.P.A.], CA [or Chartered Accountant or C.A.]”.

*Amended June 18, 2014*

- 7A. Every legacy CMA Member shall use the designation or initials set out in section 2 of this regulation followed by the designation or initials signifying membership CMA Ontario, separated by a comma, as follows: “John / Jane Doe, CPA [or Chartered Professional Accountant or C.P.A.], CMA [or Certified Management Accountant or C.M.A.]”.

*Amended June 18, 2014*

8. Every legacy CA Member who is elected a Fellow of CPA Ontario shall use the designations and initials as set out in section 7 of this regulation, except that the letter “F” shall precede both sets of initials, as follows: “Jane / John Doe, FCPA [or F.C.P.A.], FCA [or F.C.A.]”.

*Amended April 15, 2014*

- 8A. Every legacy CMA Member and legacy CGA Member who is deemed elected a Fellow Member of CPA Ontario by reason of Bylaw 4.6.3 shall use the designations and initials as set out in section 7A or 9 of this regulation, as the case may be, except that the letter “F” shall precede both sets of initials, as follows: “Jane / John Doe, FCPA [or F.C.P.A.], FCMA [or F.C.M.A.], or FCGA [or F.C.G.A.]” as the case may be.

*Amended June 18, 2014*

9. Every legacy CGA Member shall use the designation or initials as set out in section 2 of this regulation followed by the designation or initials signifying membership in CGA Ontario, separated by a comma, as follows: “John / Jane Doe, CPA [or Chartered Professional Accountant or C.P.A.], CGA [or Certified General Accountant or C.G.A.]”.

*Amended June 18, 2014*

10. *Repealed June 18, 2014*

11. *Repealed June 18, 2014*

12. No Member shall use any designation or initials set out in sections 2 through 5 of this regulation except as provided in sections 7 through 11 of this regulation.

13. A Member who is not in good standing shall not use any designation or initials set out in this regulation.

*Amended June 18, 2014*

### **Use of Other Designations**

14. Until December 31, 2018, but not thereafter, a legacy CA Member in good standing may use the specialty of practice designations “IFA” and “IT” if the Member has fulfilled all the requirements for that specialty as at December 31, 2014, by adding such initials immediately following the “CA” or “FCA”, separated by a dot or period.

*Amended November 27, 2014*

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- 14A. A Member in good standing may use the specialist designations Certified Financial Forensics (CFF) and Certified Information Technology Professional (CITP) issued by the American Institute of Certified Public Accountants if the Member has fulfilled all the requirements of that certification and paid all required fees, by adding the designation or initials immediately following the designations or initials as set out in sections 7 through 11 of this regulation.

*New November 27, 2014*

15. A Member of CPA Ontario in good standing may use a designation granted by an organization with jurisdiction in Ontario if the Member is a member in good standing of that organization and permitted by that organization to use the designation by adding the designation or the initials signifying the designation following the designations or initials used as set out in sections 7 through 11 of this regulation, separated by a comma.
16. A Member of CPA Ontario in good standing may use a designation granted by an accounting body outside Ontario, or the initials signifying that designation only if, and so long as:
- 16.1 The Member is a member in good standing of the accounting body outside Ontario and is permitted by that body to use the designation or initials;
  - 16.2 The designation or initials is or are followed immediately by the name of the state, province or country, in parentheses, of that accounting body; and
  - 16.3 The designation or initials is on a separate and subordinate line to the Member's name and CPA Ontario and any other Ontario designation(s) or initials.
17. A Member who is not in good standing, or an individual who is not a Member shall not use any designation or initials referenced in section 16 of this regulation.

### **Firm Names**

18. Every firm registered with CPA Ontario on or before March 31, 2014, may, following and as part of the registered name, use either or both "Chartered Professional Accountant(s)" and "Chartered Accountant(s)" and the initials "CPA" or "C.P.A.", and "CA" or "C.A."

*Amended April 15, 2014*

19. Notwithstanding section 18 of this regulation, a firm registered with CPA Ontario that has one or more partners who are not legacy CAs, or are professional corporations with one or more shareholders who are not legacy CAs may use, if permitted by law, following and as part of the registered name, "Chartered Professional Accountants" and the initials "CPA" or "C.P.A.", but shall not use any other designation or initials, except that a firm registered with CMA Ontario on or before March 31, 2014 or with CGA Ontario on or before July 1, 2014 may, until December 31, 2017, continue to use such designations or initials as are part of the firm name as of that firm's registration with CMA Ontario or CGA Ontario, as the case may be, provided that the use of the designations or initials is permitted by the bylaws of, and so long as the



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firm maintains its registration with, CMA Ontario or CGA Ontario, as the case may be.

*Amended June 18, 2014*

20. Notwithstanding sections 18 and 19 of this regulation, as of January 1, 2018, every firm registered with CPA Ontario shall only use, following and as part of the registered name, "Chartered Professional Accountant(s)" or the initials "CPA" or "C.P.A."

*Amended November 29, 2012*

21. An entity that is not registered with CPA Ontario shall not use "Chartered Professional Accountant(s)", "Chartered Accountant(s)", or the initials "CPA", "C.P.A.", "CA" or "C.A." in any manner whatsoever.

### **Failure to Comply**

22. A failure to comply with any section of this regulation is a breach of member obligations as defined in Regulation 4-3.

**CHARTERED PROFESSIONAL  
ACCOUNTANTS OF ONTARIO**

**REGULATION 6-1  
STUDENT REGISTRATION**

**Adopted by the Council pursuant to the *Chartered Accountants Act, 2010*, and the  
Bylaws on June 16, 2011, as amended to November 27, 2014**

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**NOTE: Due to the extensive amendments made to this Regulation  
November 27, 2014, the amendments of that date and prior to have not  
been individually noted throughout.**

**NOTE: The Public Accountants Council has not yet completed its  
assessment of the CPA Certification Program and its suitability for  
licensure. Students registering under this Regulation are warned that, until  
such time as the CPA Certification Program is approved, they are not  
eligible to obtain a public accounting licence.**

**REGULATION 6-1  
STUDENT REGISTRATION**

Adopted by the Council pursuant to the *Chartered Accountants Act, 2010*, and the Bylaws on June 16, 2011 as amended to November 27, 2014.

**NOTE: The Public Accountants Council has not yet completed its assessment of the CPA Certification Program and its suitability for licensure. Students registering under this Regulation are warned that, until such time as the CPA Certification Program is approved, they are not eligible to obtain a public accounting licence.**

**Definitions**

1. In this regulation, words have the same meaning as they do in the Act and bylaws and:
  - 1.1 “academic institution” means an education institution such as a university that has been established or accredited by a statute or other governmental approval and offers a program or programs of post-secondary academic education, including but not limited to:
    - 1.1.1 an academic institution that is a member of the Association of Universities and Colleges of Canada or the Association of Canadian Community Colleges and is accredited by the appropriate regulatory authorities in Canada to grant degrees;
    - 1.1.2 an academic institution recognized in the *International Handbook of Universities* published by the International Association of Universities or by a similar recognition service;
    - 1.1.3 an academic institution in the United States of America that has been accredited by an accreditation agency recognized by the United States Department of Education;
  - 1.2 “Common Final Examination” (CFE) means the qualifying examination prepared by the Board of Evaluators of CPA Canada on behalf of the provincial bodies and required to be successfully written for admission to membership after August 31, 2015;
  - 1.3 “CPA Accredited University Program” means a program of academic study at an academic institution that has been accredited by the Council in accordance with the accreditation standards established in the *CPA National Recognition and Accreditation Standards for Post-Secondary Institutions* (Schedule B);
  - 1.4 “credit hour” means each instruction hour per week of a one-semester course of academic learning, or the equivalent, that:
    - 1.4.1 is recognized by the degree-granting institution of higher education that offers it as a degree-credit course; and

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- 1.4.2 is a three-credit hour course which provides:
- 1.4.2.1 a minimum of three hours instruction time per week over a minimum 12 week term; or
- 1.4.2.2 a maximum of twelve hours instruction time per week over a minimum 3 week term, provided that if a Student is enrolled in one or more such courses during a shortened term, the Student must be limited to a total of twelve instruction hours per week.
- 1.5 “degree” means a three year undergraduate degree or other equivalent indicator of academic achievement granted by an academic institution, comprising 90 credit hours or equivalent;
- 1.6 “degree-credit course” means a course of academic study and evaluation that is recognized for credit by the degree-granting academic institution towards the completion of a university degree or equivalent that is awarded by that degree-granting academic institution and that is successfully completed through enrolment in or registration with such institution;
- 1.7 “PEP commencement date” means the date which is the earliest of:
- 1.7.1 the first day of any module of the CPA Professional Education Program in which the Student is enrolled;
- 1.7.2 the date on which the Student first challenges any CPA Professional Education Program module examination; and
- 1.7.3 the date on which the Student first attempts the CFE;
- 1.8 “PREP Commencement Date” means the date which is the earlier of:
- 1.8.1 the first day of any module of the CPA Prerequisite Education Program in which the Student is enrolled; and
- 1.8.2 the date on which the Student first challenges any CPA Prerequisite Education Program module examination;
- 1.9 “post-secondary academic education” means a program or programs of academic study beyond the general and compulsory primary and secondary levels of schooling required by the government of the country, state, or province as the case may be;

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- 1.10 “university degree” means:
- 1.10.1 a four-year undergraduate degree or other equivalent indicator of academic achievement comprising 120 credit hours or equivalent: or
  - 1.10.2 a post-graduate degree or other equivalent indicator of academic achievement beyond the level of an undergraduate degree or equivalent that is granted by an academic institution.

### **Registration**

2. The Registrar shall register as a Student with CPA Ontario anyone who:
- 2.1 makes an application in Form 6-1A and pays the prescribed fee;
  - 2.2 provides proof of identity, including legal and any assumed name, satisfactory to the Registrar;
  - 2.3 provides evidence of good character satisfactory to the Registrar;
  - 2.4 has access to a computer that meets the minimum configuration requirements as set by CPA Ontario from time to time, including Internet access and a valid email address, unless exempted from this requirement by the Registrar;
  - 2.5 meets the requirements for one of the registration categories as set out in section 5;
  - 2.6 provides a signed declaration that the individual understands and agrees to abide by the CPA Ontario Academic Code of Conduct;
  - 2.7 meets the employment requirements as set out in this regulation or approved by the Council from time to time; and
  - 2.8 provides all information and produces all documents and other materials as requested by the Registrar or, in extraordinary circumstances where such documentation is not available, provides alternative proof satisfactory to the Registrar.
3. It is the responsibility of the Student to ensure the application is complete and accurate, and is received by the Registrar.
- 3A. An individual shall be required to register as a Student with CPA Ontario effective April 1, 2014, if on that date the individual was enrolled in the CPA Prerequisite Education Program.
4. In making any decision pursuant to this regulation, the Registrar shall act in accord with the Act, Bylaws, and regulations of CPA Ontario and shall be guided by the policies and guidelines passed by the Council from time to time.

### Registration Categories

5. An individual may register in only one of the following categories and shall not also be registered under Regulation 6-4 at any time during the period of registration, and may not change categories without the permission of the Registrar:
  - 5.1 **University Graduate** – an individual who has completed all the academic requirements for the conferral of a university degree;
  - 5.2 **Co-operative Degree Program** – an individual who is enrolled at an academic institution in a co-operative university degree program approved by the Council (Schedule A);
  - 5.3 **CPA Accredited University Program** – an individual who is enrolled in the graduate-level component of a CPA Accredited University Program as defined in subsection 1.3;
  - 5.4 Accounting Body Outside Canada – an individual who:
    - 5.4.1 is a member in good standing with, and certified or licensed to practise by, either a professional accounting body outside Canada that is a Member Body in good standing of the International Federation of Accountants at the date of the individual's application for registration or a professional or regulatory body or authority for accountants or auditors in a country other than Canada that has been established by statute to qualify, certify, regulate, license or authorize individuals to practise as accountants or auditors in that country;
    - 5.4.2 provides evidence satisfactory to the Registrar of the completion of a minimum three years of accounting experience meeting the guidelines established by the Council from time to time; and
    - 5.4.3 is not eligible to register as a Student pursuant to subsection 5.5 of this regulation;
  - 5.5 **Accounting Body Outside Canada – Specified** – an individual who is a member in good standing with an accounting body listed in Schedule C, and who meets the conditions for registration contained in a memorandum of understanding or agreement between that body and CPA Ontario;
  - 5.6 **Transfer**– an individual registered currently and in good standing with another provincial body who:
    - 5.6.1 has a university degree conferred;

- 5.6.2 has not attempted the Common Final Examination; and
- 5.6.3 within three months of the date of registration with CPA Ontario, discontinues or terminates registration with any other provincial body;
- 5.7 **Transfer – Quebec** – an individual registered currently and in good standing with the Ordre des comptables professionnels agréés du Québec who:
  - 5.7.1 has a university degree conferred;
  - 5.7.2 has successfully completed the Common Final Examination while so registered; and
  - 5.7.3 within three months of the date of registration with CPA Ontario, discontinues or terminates registration with the Ordre des comptables professionnels agréés du Québec;
- 5.8 **Mature** – an individual who does not have a degree and :
  - 5.8.1 has at least eight years of relevant accounting or business experience satisfactory to the Registrar;
  - 5.8.2 has completed the academic prerequisite requirements in accordance with s.16.1;
  - 5.8.3 provides letters of reference and any other requested documentation satisfactory to the Registrar; and
  - 5.8.4 satisfies the Registrar that the individual does not meet the requirements of any other category of student registration as set out in this section;
- 5.9 **Legacy CGA Student** – a student who prior to September 1, 2015 is registered with CGA Ontario in the process to attain the CGA designation.
- 5.10 **Legacy CMA Student** – a student who prior to February 1, 2015 is registered with CMA Ontario in the process to attain the CMA designation.
- 5.11 **Transitional CA Student** - a Student registered with CPA Ontario who is not eligible to qualify for the CA designation.
- 5.12 **Transitional CGA Student** – a student registered with CGA Ontario who is not eligible to qualify for the CGA designation.
- 5.13 **Transitional CMA Student** – a student registered with CMA Ontario who is not eligible to qualify for the CMA designation.
- 6. Notwithstanding section 5, a Student may register in both the Co-operative Degree Program and CPA Accredited University Program categories if the Student meets the requirements of each of those categories.
- 7. A Student who has not yet completed all of the academic requirements for registration in the University Graduate or CPA Accredited University Graduate

category of registration may register in that category on a conditional basis for a maximum period of 7 years.

### **Period of Registration**

8. The date of registration shall be the date upon which the individual provides the Registrar with proof of compliance with all the requirements of section 2.
9. A Student shall renew registration on an annual basis by making an application for renewal in Form 6-1B and paying the prescribed fee, and providing all information and producing all documents and other materials as requested by the Registrar.
10. The Registrar shall suspend the registration of any Student who fails to comply with any provision of this regulation, or of the bylaws or regulations, and shall deregister a Student as required by the bylaws or regulations or pursuant to the Academic Code of Conduct.
11. The Registrar shall deregister any Student whose registration has been suspended for a cumulative period of one year, unless otherwise provided in the bylaws or regulations.
12. A Student who has been deregistered pursuant to section 11 may apply for re-registration upon complying with the requirements for registration in effect at the time of that application.
13. The Registrar shall deregister a Student as of the earliest of:
  - 13.1 the seventh anniversary of the date of conditional registration pursuant to section 7 if by that date the Student has not met all the requirements for registration;
  - 13.2 the date upon which the Student's enrollment in any module of the CPA Prerequisite Education Program is cancelled pursuant to section 25;
  - 13.3 the sixth anniversary of the Student's first date of enrolment in any course or module of the CPA Professional Education Program;
  - 13.4 the sixth anniversary of the Student's first date of writing any challenge examination in lieu of completion of any course or module of the CPA Professional Education Program;
  - 13.5 the seventh anniversary of the Student's Practical Experience Recognition Date as defined in Regulation 6-6 unless the Student is, or was during the period of registration, registered in the Co-operative Degree Program pursuant to subsection 5.2;
  - 13.6 forty-five (45) days following the release of the result of the Student's third unsuccessful attempt of any module of the CPA Professional Education Program or the Common Final Examination or, if an appeal of that result has been filed, immediately upon the denial of such appeal; and
  - 13.7 the tenth anniversary of the date of initial registration.



14. A Student who has been deregistered shall not be reregistered except at the discretion of, and on such terms and conditions deemed appropriate by, the Registrar.

**CPA Program Completion**

15. Unless otherwise specified in the regulations, every Student shall successfully complete:
- 15.1 the Academic Prerequisites; and
- 15.2 the CPA Certification Program, which consists of:
- 15.2.1 the Professional Education Program;
- 15.2.2 the Common Final Examination (CFE); and
15. 2.3 the Practical Experience Requirement pursuant to Regulation 6-6.

**Academic Prerequisites**

16. Unless otherwise exempted by this regulation, a Student shall fulfill the academic prerequisites in accordance with the *CPA National Recognition and Accreditation Standards for Post-Secondary Institutions* or any successor document approved by the Council by successfully completing:
- 16.1 at one or more academic institutions, either before or after registration as a Student with CPA Ontario, degree-credit courses or equivalent academic learning acceptable to the Vice-President of Learning;
- 16.2 the CPA Prerequisite Education Program (PREP); or
- 16.3 a combination acceptable to the Vice-President of Learning of degree credit-course(s) or equivalent academic learning meeting the requirements set out in subsection 16.1 and one or more modules of the PREP.

**Exemptions to Academic Prerequisites**

17. Students in the following categories of registration are exempt from the requirement to complete the academic prerequisites prescribed in section 16:
- 17.1 CPA Accredited University Program;
- 17.2 Transfer – Quebec;
- 17.3 Legacy CMA Student;
- 17.4 Legacy CGA Student;

- 17.5 Transitional CA Student;
- 17.6 Transitional CGA Student; and
- 17.7 Transitional CMA Student.
- 18. Students in the Accounting Body Outside Canada category of registration are exempt from the from the requirement to complete the academic prerequisites prescribed in section 16 except for the requirement to pass an approved course in Business Law.
- 19. Students in the Accounting Body Outside Canada – Specified category of registration may be exempt from the requirement to complete the academic prerequisites prescribed in section 16, pursuant to the memorandum of understanding or agreement between the accounting body and CPA Ontario.

**CPA Prerequisite Education Program (PREP)**

- 20. A Student is eligible to enroll in and attend the PREP if the Student:
  - 20.1 makes an application in Form 6-1C(PREP) and pays the prescribed fee;
  - 20.2 has either:
    - 20.2.1 provided proof satisfactory to the Registrar that the Student has a degree;  
or
    - 20.2.2 signs a declaration the requirement in clause 20.2.1 has been completed;  
and
  - 20.3 has provided all information and documents requested by the Registrar.
- 21. Notwithstanding the provisions of clause 20.2.2 of this regulation, the Student shall fulfill the requirements of clause 20.2.1 within four months of that Student's PREP Commencement Date, failing which the Student's enrollment shall be cancelled and the Student not permitted to enroll in or attend PREP or any module thereof.
- 22. A Student may apply for exemption from a module or modules and such applications shall be considered by the Vice President of Learning in accordance with the policies adopted by Council from time to time.
- 23. Other than as set out in this regulation, a Student who does not meet the requirements and prerequisites for the PREP or a module shall not be permitted to enroll in the PREP or such module.
- 24. A Student who is unsuccessful on the third examination attempt at the examination for a module may not:

- 24.1 re- enroll in that module; or
  - 24.2 attempt the examination;
- and such Student must:
- 24.3 successfully complete the appropriate course(s) at an academic institution; and
  - 24.4 thereafter seek an exemption from the relevant module.
25. The Registrar shall cancel a Student's enrollment in any module of the PREP, on the sixth anniversary of the Student's PREP Commencement Date, and the Registrar shall not thereafter permit the Student to re-enroll in any module of the PREP, and shall strike any successful results and exemptions the Student obtained or received in or for any module.
26. Notwithstanding section 25, a Student may apply for an extension of up to two (2) years of the time permitted to complete the PREP in accordance with the policies of the Council from time to time.
27. A Student requiring special accommodation may request such accommodation for any PREP module or examination by submitting a request in accordance with the policies adopted by the Council from time to time.
28. A Student may request special consideration due to circumstances arising during an examination in accordance with the policies adopted by the Council from time to time.

**CPA Professional Education Program**

29. Unless otherwise specified in this regulation, all Students shall enroll in and successfully complete, while registered in good standing, the CPA Professional Education Program (PEP), consisting of:
- 29.1 two mandatory core modules:
    - 29.1.1 Core 1 – Financial Accounting and Reporting; and
    - 29.1.2. Core 2 – Management Accounting, Planning and Control;
  - 29.2 any two elective modules chosen by the Student from among:
    - 29.2.1 Taxation;
    - 29.2.2 Assurance;
    - 29.2.3 Finance;

- 29.2.4 Performance Management; and
- 29.3 two mandatory capstone modules:
  - 29.3.1 Capstone 1 – Capstone Integrative Module; and
  - 29.3.2 Capstone 2 – Capstone Examination Preparation Module.
- 30. Notwithstanding subsection 29.2, to be eligible to apply for a Public Accounting Licence upon admission to membership in CPA Ontario, a Student must successfully complete the elective modules in Taxation and Assurance.
- 31. Unless otherwise specified in this regulation,
  - 31.1 the Core 1 and Core 2 and Capstone 1 and Capstone 2 modules shall be completed in sequential order;
  - 31.2 the Core 1 and Core 2 modules must be successfully completed to be eligible to enroll in any elective modules; and
  - 31.3 all elective modules must be successfully completed to be eligible to enroll in the Capstone modules.
- 32. A Student who has been granted exemption from the requirement to attend or complete any PEP module and is required to only write the examination(s) of such module may complete the Core 1, Core 2 and elective modules in any order.

**Eligibility for Enrollment**

- 33. A Student is eligible to enroll in the PEP or, if applicable, enroll for any of the PEP module examinations if the Student:
  - 33.1 makes an application in Form 6-1C (PEP) and pays the prescribed fee;
  - 33.2 has either:
    - 33.2.1 successfully completed or been exempted from the Academic Prerequisites; or
    - 33.2.2 signed a declaration that the requirements in clause 33.2.1 will be completed prior to the PEP Commencement Date;
  - 33.3 has either:
    - 33.3.1 unless exempted by this regulation:
      - 33.3.1.1 obtained a university degree or university degrees and, if applicable, graduate diploma(s); and

## REGULATIONS

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- 33.3.1.2 successfully completed at least 120 credit hours or equivalent of post-secondary academic education acceptable to the Vice-President of Learning; or
  - 33.3.2 signed a declaration the requirements in clause 33.3.1 will be completed prior to the PEP Commencement Date; and
- 33.4 has provided all information and documents requested by the Registrar.
- 34. A Student shall:
  - 34.1 complete the requirements of 33.2.1 and 33.3.1 prior to the Student's PEP Commencement Date, failing which the Student's enrollment shall be cancelled; and
  - 34.2 provide proof satisfactory to the Registrar of the fulfillment of the requirements of clause 33.2.1 and 33.3.1 within four months of the Student's PEP Commencement Date, failing which the Student's enrollment shall be cancelled, the results of any PEP module examination(s) written by the Student shall be discarded and disregarded and the Student not permitted to enroll in or attend PEP or any module thereof, or to challenge any of the PEP module examinations.
- 35. A Student who is unsuccessful on the examination for a Core or Elective module may attempt that examination at a subsequent sitting.
- 36. A Student who is unsuccessful on two attempts at the examination for a Core or Elective module or on any attempt for a Capstone module must re-take the module before making a further attempt at the Examination.
- 37. A Student who is unsuccessful on three attempts at any module may not re-enroll in that module or attempt the examination.

### Exemptions

- 38. Students in the CPA Accredited University Program registration category are exempted from any specific PEP modules as set out in Schedule B.
- 39. Students in the following categories of registration are exempt from the requirement to complete the PEP:
  - 39.1 Transfer – Quebec,
  - 39.2 Legacy CMA Student, and
  - 39.3 Legacy CGA Student.
- 40. Students in the following categories of registration are exempt from the Core 1, Core 2 and elective modules and their examinations:
  - 40.1 Accounting Body Outside Canada; and

- 40.2 Accounting Body Outside Canada – Specified.
41. Notwithstanding section 40, to be eligible to apply for a public accounting licence upon admission to membership, Students in the Accounting Body Outside Canada and the Accounting Body Outside Canada – Specified categories of registration must successfully complete the elective modules in Taxation and Assurance.

### **Transition**

42. Students in the Transitional CMA Student category of registration shall:
- 42.1 complete the Transitional Bridging Program in order to be eligible to enroll in any subsequent PEP module or challenge any PEP module examination;
- 42.2 enroll in the PEP by the applicable date set out in Schedule D; and
- 42.3 complete the requirements applicable to their CMA Bridging Category as set out in Schedule D.
43. Students in the Transitional CA Student category of registration shall:
- 43.1 complete the Transitional Bridging Program in order to be eligible to enroll in any subsequent PEP module or challenge any PEP module examination; and
- 43.2 complete the requirements applicable to their CA Bridging Category as set out in Schedule E.
44. Students in the Transitional CGA Student category of registration shall:
- 44.1 complete the Transitional Bridging Program in order to be eligible to enroll in any subsequent PEP module or challenge any PEP module examination; and
- 44.2 complete the requirements applicable to their CGA Bridging Category as set out in Schedule F.

### **General**

45. To be eligible to apply for a Public Accounting License upon admission to membership in CPA Ontario, a Student must comply with the requirements of Regulation 9-1 – Public Accounting Licensing.
46. A Student requiring special accommodation may request such accommodation for any PEP module or examination by submitting a request in accordance with the policies adopted by the Council from time to time.
47. A Student may request special consideration due to circumstances arising during an examination in accordance with the policies adopted by the Council from time to time.

**Common Final Examination**

48. A Student is eligible to enroll for and attempt the Common Final Examination (CFE) if the Student:
- 48.1 has successfully completed, or been exempted from, the PEP;
  - 48.2 makes an application in Form 6-1D and pays the prescribed fee; and
  - 48.3 has provided all information and documents requested by the Registrar.
49. No Student registered pursuant to this regulation, other than a Legacy CMA Student or a Legacy CGA Student shall be exempted from the requirement to pass the CFE.
50. A Student in the Transfer – Quebec category of registration may pass the CFE prior to registration.
51. To be eligible to apply for a Public Accounting Licence upon admission to membership in CPA Ontario, a Student must demonstrate in the CFE depth of competency development in both Financial Reporting and Assurance, in addition to demonstrating the breadth of competency development as defined in *The Chartered Professional Accountant Competency Map* or any successor document approved by the Council.
52. A Student requiring special accommodation may request such accommodation for the CFE by submitting a request in accordance with the policies adopted by the Council from time to time.
53. A Student may request special consideration due to circumstances arising during the CFE, in accordance with the policies adopted by the Council from time to time.

**Appeals**

54. A decision of the Registrar not to register or reregister an individual as a Student or to deregister a Student may be appealed by the individual or Student to the Membership Committee.
55. The parties to an appeal are the individual appealing and the Registrar.
56. The appeal shall be conducted in accordance with the Rules of Practice and Procedure.
57. The decision of the Membership Committee is final.

**SCHEDULE  
A**

**UNIVERSITY CO-OPERATIVE DEGREE  
PROGRAMS**

<b>University</b>	<b>Degree program</b>
Algoma	Bachelor of Business Administration
Brock	Bachelor of Business Administration
Brock	Bachelor of Accounting
Carleton	Bachelor of Commerce
Dalhousie	Bachelor of Commerce
Guelph	Bachelor of Commerce, Honours Program – Accounting, Co-operative Education Program (HBComm)
McMaster	Bachelor of Commerce (Internship)
McMaster	Master of Business Administration
Ottawa	Honours Bachelor of Commerce in Accounting
Redeemer	Bachelor of Arts, Honours Business Major-Accounting
Toronto (Mississauga)	Masters in Management and Professional Accounting
Toronto (Scarborough)	Bachelor of Business Administration (Program in Management)
Waterloo	Bachelor of Accounting and Financial Management (Honours)
Waterloo	Bachelor of Mathematics (Chartered Accountancy)
Waterloo	Bachelor of Science (Honours Chartered Accountancy)
Wilfrid Laurier/ Waterloo	Honours Bachelor of Business Administration (Laurier)/Honours Bachelor of Mathematics (Waterloo) <i>Effective for students graduating after Dec 31, 2010</i>



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Wilfrid Laurier/ Waterloo	Honours Bachelor of Business Administration (Laurier)/Bachelor of Computer Science (Waterloo) <i>Effective for students graduating after Dec 31, 2010</i>
Wilfrid Laurier	Honours Bachelor of Business Administration
Wilfrid Laurier	Honours Bachelor of Arts (Economics)
Wilfrid Laurier	Honours Bachelor of Business Administration/ Bachelor of Science in Computer Science <i>Effective for students graduating after Dec 31, 2010</i>
Wilfrid Laurier	Honours Bachelor of Business Administration/ Bachelor of Science in Computing and Computer Electronics <i>Effective for students graduating after Dec 31, 2010</i>
Wilfrid Laurier	Honours Bachelor of Business Administration/ Bachelor of Arts in Financial Mathematics <i>Effective for students graduating after Dec 31, 2010</i>
Windsor	Bachelor of Commerce

## SCHEDULE B

## CPA ACCREDITED UNIVERSITY PROGRAMS

University	CPA Accredited Program	PEP exemptions	PEP requirements
Brock University	Masters of Business Administration, Accounting Stream	Core 1 Core 2	Electives Capstone 1 Capstone 2 Common Final Examination
Brock University	Combined Bachelor of Accounting Program (or equivalent) and Graduate Diploma in Accounting	Core 1 Core 2 Electives	Capstone 1 Capstone 2 Common Final Examination
Brock University	Combined Bachelor of Accounting (or equivalent) and Masters of Accounting Program	Core 1 Core 2 Electives Capstone 1 Capstone 2	Common Final Examination
Carleton University	Combined Bachelor of Commerce (Accounting Stream) (or equivalent) and Masters in Accounting Program	Core 1 Core 2 Electives Capstone 1 Capstone 2	Common Final Examination
McMaster University	Combined Bachelor of Commerce, Accounting Stream (or equivalent) and Graduate Diploma in Accounting Program	Core 1 Core 2 Electives	Capstone 1 Capstone 2 Common Final Examination
McMaster University	Combined Masters of Business Administration, Accounting Stream (or equivalent) and Graduate Diploma in Accounting Program	Core 1 Core 2 Electives	Capstone 1 Capstone 2 Common Final Examination

**REGULATIONS**

<b>University</b>	<b>CPA Accredited Program</b>	<b>PEP exemptions</b>	<b>PEP requirements</b>
Queen's University	Combined Bachelor of Commerce, Accounting Stream (or equivalent) and Graduate Diploma in Accounting	Core 1 Core 2 Electives*	Capstone 1 Capstone 2 Common Final Examination
University of Ontario Institute of Technology	Combined Bachelor of Commerce (Accounting Stream) (or equivalent) and Graduate Diploma in Accounting	Core 1 Core 2 Electives	Capstone 1 Capstone 2 Common Final Examination
University of Toronto Mississauga	12-month Master of Management of Professional Accounting Programs (MMPA) program coupled with one of (or the equivalent of): <ul style="list-style-type: none"> <li>• the Bachelor of Commerce (BComm), Accounting Specialist Program from the University of Toronto, Mississauga; or</li> <li>• the Bachelor of Commerce (BComm), Accounting Specialist Program from the University of Toronto, St. George; or</li> <li>• the Bachelor of Business Administration (BBA), Specialist in Management and Accounting Program from the University of Toronto, Scarborough.</li> </ul>	Core 1 Core 2 Electives Capstone 1	Capstone 2 Common Final Examination

**REGULATIONS**

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<b>University</b>	<b>CPA Accredited Program</b>	<b>PEP exemptions</b>	<b>PEP requirements</b>
University of Toronto Mississauga	24 or 27 month Master of Management of Professional Accounting (MMPA) Program	Core 1 Core 2 Electives Capstone 1	Capstone 2 Common Final Examination
University of Waterloo	Combined Graduate Diploma in Accounting Program (or specified additional courses deemed equivalent until the GDAP receives final government approval) and completion of the accounting stream in one of (or equivalent of): <ul style="list-style-type: none"> <li>• Bachelor of Accounting and Financial Management Program;</li> <li>• Bachelor of Mathematics/CPA Program; or</li> <li>• Bachelor of Science (Biotechnology)/CPA Program</li> </ul>	Core 1 Core 2 Electives	Capstone 1 Capstone 2 Common Final Examination

**REGULATIONS**

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<b>University</b>	<b>CPA Accredited Program</b>	<b>PEP exemptions</b>	<b>PEP requirements</b>
University of Waterloo	Combined School of Accounting and Finance Masters of Accounting Program and completion of the accounting stream in one of (or equivalent of): <ul style="list-style-type: none"> <li>• Bachelor of Accounting and Financial Management Program;</li> <li>• Bachelor of Mathematics/CPA Program; or</li> <li>Bachelor of Science (Biotechnology)/CPA Program</li> </ul>	Core 1 Core 2 Electives* Capstone 1 Capstone 2	Common Final Examination
Western University	Combined Graduate Diploma in Accounting Program (or specified additional courses deemed equivalent until the GDAP receives final government approval) and completion of the Honours Bachelor of Administration, accounting stream (or equivalent)	Core 1 Core 2 Electives	Capstone 1 Capstone 2 Common Final Examination

**REGULATIONS**

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<b>University</b>	<b>CPA Accredited Program</b>	<b>PEP exemptions</b>	<b>PEP requirements</b>
Wilfrid Laurier University	Combined Graduate Diploma in Accounting Program (or specified additional courses deemed equivalent until the GDAP receives final government approval) and completion of the accounting stream in one of (or the equivalent of): <ul style="list-style-type: none"> <li>• Bachelor of Business Administration</li> <li>• Bachelor of Business Administration Double Degree Program</li> <li>• Bachelor of Arts Economics and Accounting Program</li> </ul>	Core 1 Core 2 Electives*	Capstone 1 Capstone 2 Common Final Examination
Wilfred Laurier University	Masters of Business Administration, CPA Stream	Core 1 Core 2 Electives Capstone 1 Capstone 2	Common Final Examination

**REGULATIONS**

<b>University</b>	<b>CPA Accredited Program</b>	<b>PEP exemptions</b>	<b>PEP requirements</b>
York University Schulich School of Business	Combined Graduate Diploma in Accounting Program (or specified additional courses deemed equivalent until the GDAP receives final government approval) and completion of the accounting stream in one of (or equivalent of): <ul style="list-style-type: none"> <li>• Bachelor of Business Administration</li> <li>• International Bachelor of Business Administration</li> </ul>	Core 1 Core 2 Electives	Capstone 1 Capstone 2 Common Final Examination
York University Schulich School of Business	Combined Masters of Accounting Program and completion of the accounting stream in one of (or equivalent of): <ul style="list-style-type: none"> <li>• Bachelor of Business Administration</li> <li>• International Bachelor of Business Administration</li> <li>• Master of Business Administration*</li> </ul>	Core 1 Core 2 Electives Capstone 1 Capstone 2	Common Final Examination
York University Schulich School of Business	Master of Business Administration, Accounting Stream*	Core 1 Core 2 Electives	Capstone 1 Capstone 2 Common Final Examination

*Amended November 27, 2014*

\*Students have the option of which courses to choose and therefore may choose courses that map to Assurance, Taxation, Finance or Performance Management Electives.

**SCHEDULE C**

**SPECIFIED ACCOUNTING BODIES**

- The Institute of Chartered Accountants of India
- The Institute of Chartered Accountants of Pakistan



**SCHEDULE D**

**CMA BRIDGING CATEGORIES**

Transitional CMA Students must enroll in the CPA PEP by March 1, 2017 or in Capstone 1 by June 1, 2017. Failure to enroll in the CPA PEP by the applicable date may result in the loss of eligibility for exemption from any of the CPA modules.

**Transition Points from the CMA Strategic Leadership Program to CPA PEP**

<b>CMA Bridging Category</b>	<b>Last CMA Evaluation</b>	<b>CPA Module Exemptions</b>	<b>Allowed PEP Examination Challenges</b>	<b>Transitional Bridging Program</b>	<b>CPA PEP Requirements</b>
Completed SLP and did not attempt or failed the Board Report	September 2015	Core 1 Core 2 Electives	None	Required	Capstone 1 Capstone 2 Common Final Examination
Completed Year 1 and passed the Case Examination	September 2015	Core 2	Core 1 Performance Management	Required	Relevant module(s) if not successful in challenge exams  Two Electives  If successful in challenge of Performance Management exam, only one other elective required  Capstone 1 Capstone 2 Common Final Examination

**REGULATIONS**

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<b>CMA Bridging Category</b>	<b>Last CMA Evaluation</b>	<b>CPA Module Exemptions</b>	<b>Allowed PEP Examination Challenges</b>	<b>Transitional Bridging Program</b>	<b>CPA PEP Requirements</b>
Completed Year 1 but failed the Case Examination less than 3 times	October 2014	None	Core 1 Core 2	Required	Relevant core module(s) ) if not successful in challenge exams  Two Electives  Capstone 1 Capstone 2 Common Final Examination
Completed Year 1 but failed the Case Examination 3 or more times, or did not complete Year 1	October 2013	None	None	Required	Core 1 Core 2 Two Electives Capstone 1 Capstone 2 Common Final Examination

**Transition Points from the CMA Accelerated Program to CPA PEP**

<b>CMA Bridging Category</b>	<b>Last CMA Evaluation</b>	<b>CPA Module Exemptions</b>	<b>Allowed PEP Examination Challenges</b>	<b>Transitional Bridging Program</b>	<b>CPA PEP Requirements</b>
Completed Academic Prerequisites but failed or did not attempt Entrance Examination	October 2013	None	None	Required	Core 1 Core 2 Two electives Capstone 1 Capstone 2 Common Final Examination

**Transition Points from the CMA Executive Program to CPA PEP**

<b>CMA Bridging Category</b>	<b>Last CMA Evaluation</b>	<b>CPA Module Exemptions</b>	<b>Allowed PEP Examination Challenges</b>	<b>Transitional Bridging Program</b>	<b>CPA PEP Requirements</b>
Completed Executive Program and did not attempt or failed the Board Report	September 2015	Core 1 Core 2 Electives	None	Required	Capstone 1 Capstone 2 Common Final Examination

**Transition Points from the CMA MBA Program to CPA PEP**

<b>CMA Bridging Category</b>	<b>Last CMA Evaluation</b>	<b>CPA Module Exemptions</b>	<b>Allowed PEP Examination Challenges</b>	<b>Transitional Bridging Program</b>	<b>CPA PEP Requirements</b>
Completed CMA/MBA and did not attempt or failed the Case Examination or the Board Report	September 2015	Electives	Core 1 Core 2	Required	Capstone 1 Capstone 2 Common Final Examination

Schedule ECA BRIDGING CATEGORIES

CA Bridging Category	Last CA Evaluation	CPA Module Exemptions	Allowed PEP Examination Challenges	Transitional Bridging Program	CPA PEP Requirements
Completed Waterloo MAcc before 2015  UFE not completed (not attempted or unsuccessful attempt)	June 2015 (Supplemental UFE)	Core 1  Core 2  Electives	None	Required	Capstone 1  Capstone 2  Common Final Examination
SOA Successfully Completed or Exempt  UFE not completed (not attempted or unsuccessful attempt)	June 2015 (Supplemental UFE)	Core 1  Core 2  Electives	None	Required	Capstone 1  Capstone 2  Common Final Examination
Completed CKE  SOA not completed (not attempted or unsuccessfully attempted)	May 2014 (CKE)  November 2014 SSOA	Core 1  Core 2	Assurance and Taxation Electives	Required	Relevant module(s) if not successful in two challenge exams  Capstone 1  Capstone 2  Common

**REGULATIONS**

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					Final Examination
Met or exempt from education requirements of Reg 6-4  CKE not complete (did not attempt or unsuccessful attempt)	May 2014 (CKE)	None	Core 1  Core 2  Assurance  Taxation	Required	Relevant module(s) if not successful in two challenge exams  Capstone 1  Capstone 2  Common Final Examination

**Schedule F**

**CGA BRIDGING CATEGORIES**

CGA Bridging Category	Last CGA Evaluation	CPA Module Exemptions	Allowed PEP Examination Challenges	CPA PEP Requirements
Category A:  Did not complete PA 1 or PA 2 but completed any TWO of AU2, FN2, TX2	PA exams Summer 2015	Corresponding CPA Assurance Tax or Finance Elective	None	Core 1  Core 2  Recognized Degree  Capstone 1  Capstone 2  Common Final Examination
Category B:  Did not complete PA 1 or PA 2 but completed any ONE of AU2, FN2, TX2	Summer 2015	Corresponding CPA Assurance Tax or Finance Elective	None	Core 1  Core 2  One Elective  Recognized Degree  Capstone 1  Capstone 2  Common Final Examination
Category C:  Completed PA 1 or PA 2	Summer 2015	Core 1  Core 2	None	Electives  Recognized Degree  Capstone 1  Capstone 2  Common Final

**REGULATIONS**

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				Examination
Category D: Completed PA 2 and MU 1	Summer 2015	Core 1  Core 2  Performance Management	None	One Elective  Recognized Degree  Capstone 1  Capstone 2  Common Final Examination
Category E: Completed one or 2 PAs and any TWO of:  AU2, FN2, TX2	Summer 2015	Core 1  Core 2  Correspond- ing CPA Assurance Tax or Finance Electives	None	Recognized Degree  Capstone 1  Capstone 2  Common Final Examination
Category F: Completed PA1 or PA2 and any one of:  AU2, FN2, TX2	August 2015	Correspond- ing CPA Assurance Tax or Finance Elective	None	One Elective  Recognized Degree  Capstone 1  Capstone 2  Common Final Examination

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### Regulation 6-1

## **GUIDELINES:**

### **ASSESSMENT OF COMPETENCIES OF STUDENTS: Members of Professional Accounting Bodies Outside of Canada**

**Passed by the Council, April 15, 2014**

## **INTRODUCTION**

These Guidelines apply to Students registered in the following categories pursuant to Regulation 6-1 on or after September 1, 2014:

- Accounting Body Outside Canada (section 8.4);
- Accounting Body Outside Canada – Specified (section 8.5).

The Guidelines attached to Regulation 6-4 apply to Students registered in the Accounting Body Outside Canada (section 8.4) and Accounting Body Outside Canada – Specified (section 8.5) categories of registration on or before August 31, 2014.

### **EXEMPTION FROM CANADIAN BUSINESS LAW COURSE REQUIREMENT**

A member of an Accounting Body Outside Canada ordinarily will not have completed a course in Canadian business law as part of their university degree or professional accounting body's qualification program.

However, a Student from an Accounting Body Outside Canada who has completed one or more university degree-credit course(s) in Canadian business law may apply for an exemption. Alternatively, the Student may apply for an exemption from this requirement if the Student believes the required knowledge of Canadian business law has been acquired, through the Student's professional qualification(s) and accounting experience. For example, working in a role administering contracts in Canada may demonstrate an understanding and knowledge of one area of Canadian business law.

#### ***Exemption based on course equivalence***

The Student must provide a copy of the official, certified transcript or other certified document or documents confirming successful completion of the course(s) and the detailed course description(s) listing or specifying the topics or subject areas covered in course(s), all of which must be clearly identifiable as being issued or published by the degree-granting institution.

Overall, the course should provide an introduction to, and a general understanding of the following topics:

Law of Torts – scope – (intentional torts, negligence, professional liability and other torts).



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Law of Contracts – definition, role, formation – (offer/acceptance, consideration, intention to create legal relation, capacity, legality, certainty of terms);

- Grounds upon which a contract may be impeached – mistake, misrepresentation, undue influence, duress;
- The requirement of writing – statute of frauds, essentials of a written memorandum, doctrine of past performance;
- Interpretation of contracts – relationship between formation and interpretation, interpretation of excess terms parol evidence rule, implied terms as a method of interpretation;
- Privity of contract and the assignment of contractual rights – privity, novation, vicarious performance, exceptions to the privity of contract rule, nature of an assignment of rights, equitable assignments, statutory assignments, negotiable instruments;
- Discharge of contracts – various ways, by performance, by agreement, by frustration, by operation of law;
- Effect of breach – implications, repudiation and failure of performance; and
- Remedies of breach – types, damages, equitable remedies, quantum meruit.

Bailment and Introduction to Agency – definition;

- Classes – benefit of bailor, benefit of bailee, benefit of both;
- Duty and care of bailor and bailee;
- Remedies of bailee and bailor – storage, transportation and finders;
- Contractual relationship between principal and agent;
- Contractual relationship between principal and third parties – express authority, apparent authority (Estoppel), ratification;
- Duties of principal and third parties; and
- Liability of agent to principal and third parties.

Law of Real Property and Mortgages of Land

- Interests in land – freehold, leasehold;
- Joint ownership of estates;
- Other interests in land – easements, required evidence;
- Possessory rights in land – limitations act, required evidence;
- Title to real property – deed or transfer, will or descent, possessory title, escheat of forfeiture;
- Government registrations of ownership – registry and land title systems;
- Conveyance of real property – agreement of purchase and sale;
- Restrictions on land use – government, common law; and
- Mortgages of land – concept of mortgage, rights of mortgagee and mortgagor under common law and equity, mortgages remedy of sale upon default, second mortgages.

Partnerships, Corporations and the Management and Operation of a Corporation

- Partnership – partnership act, nature, agreement, limited partnership, limited liability partnership; and
- Corporations and the management of corporations – nature of corporations, methods of incorporation, governance, liability of directors, shareholders' agreements.

***Exemption based on experience equivalence***

The Student must provide a detailed job description(s) including information as to how the responsibilities carried out or functions performed in the position(s) fulfilled the knowledge requirements outlined above.

**EXEMPTION FROM PRESCRIBED PRACTICAL EXPERIENCE REQUIREMENTS**

A Student may request exemptions from some or all of the practical experience requirements set out in the *CPA Practical Experience Requirements* or any successor document approved by the Council. The determination to be made by the Registrar upon review of such request is whether the Student has acquired as a result of his or her professional qualification(s) and previously acquired experience in accounting, the *depth* and *breadth* of competency development required for the entry-level CPA at the time of admission to membership in CPA Ontario, as established by the *CPA Practical Experience Requirements*, or any successor document approved by the Council.

**CHARTERED PROFESSIONAL  
ACCOUNTANTS OF ONTARIO**

**REGULATION 6-4  
LEGACY CA STUDENT REGISTRATION**

**Adopted by the Council pursuant to the *Chartered Accountants Act, 2010*, and the  
Bylaws on June 16, 2011 as Regulation 6-1, renamed and re-numbered as  
Regulation 6-4, as amended to November 27, 2014**

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**NOTE: Due to the extensive amendments made to this Regulation effective  
November 27, 2014, the amendments of that date and prior to have not  
been individually noted throughout.**

**REGULATION 6-4**  
**LEGACY CA STUDENT REGISTRATION**  
**Adopted by the Council pursuant to the *Chartered Accountants Act, 2010*, and the**  
**Bylaws on June 16, 2011 as Regulation 6-1, renamed and re-numbered as**  
**Regulation 6-4, as amended to November 27, 2014.**

**Definitions**

1. In this regulation, words have the same meaning as they do in the Act and bylaws and:
  - 1.1 “academic institution” means an education institution such as a university that has been established or accredited by a statute or other governmental approval and offers a program or programs of post-secondary academic education, including but not limited to:
    - 1.1.1 an academic institution that is a member of the Association of Universities and Colleges of Canada or the Association of Canadian Community Colleges and is accredited by the appropriate regulatory authorities in Canada to grant degrees;
    - 1.1.2 an academic institution recognized in the *International Handbook of Universities* published by the International Association of Universities or by a similar recognition service; and
    - 1.1.3 an academic institution in the United States of America that has been accredited by an accreditation agency recognized by the United States Department of Education;
  - 1.2 “Approved Training Office” means:
    - 1.2.1 a practising office or unit, approved for the training of Students under Regulation 10-1, and includes:
      - 1.2.1.1 a single office of a member, firm or professional corporation;
      - 1.2.1.2 two or more offices of a member, firm or professional corporation that are a single practising unit for the purpose of being designated for Student training;
      - 1.2.1.3 two or more offices of two or more members, firms or professional corporations which have formed an association acceptable CPA Ontario for the purpose of being designated for training Students;
    - 1.2.2 an organization as defined in the Bylaws of CPA Ontario that has been approved by CPA Ontario for the training of Students in accordance with the policy adopted by the Council;
  - 1.3 “Common Final Examination “ (CFE) means the final qualifying examination prepared by the Board of Evaluators of CPA Canada on behalf of the provincial bodies, required to be successfully written after August 31, 2015 to qualify for admission to membership;

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- 1.4 “CPA Accredited University Program” means a program of academic study at an academic institution that has been accredited by the Council in accordance with the *CPA National Recognition and Accreditation Standards for Post-Secondary Institutions* (Regulation 6-1, Schedule B);
- 1.5 “credit hour” means each classroom or instruction hour per week of a one-semester course of academic learning, or the equivalent, that:
- 1.5.1 is recognized by the degree-granting institution of higher education that offers it as a degree-credit course; and
- 1.5.2 is a three-credit hour course which provides:
- 1.5.2.1 a minimum of three hours instruction time per week over a minimum 12 week term; or
- 1.5.2.2 a maximum of twelve hours instruction time per week over a minimum 3 week term, provided that if Student is enrolled in one or more such courses during a shortened term, the Student must be limited to a total of twelve instruction hours per week;
- 1.6 “degree-credit course” means a course of academic study and evaluation that is recognized for credit by the academic institution towards the completion of a university degree or equivalent that is awarded by that academic institution and that is successfully completed through enrolment in or registration with such institution;
- 1.7 “external audit approved training office” means an Approved Training Office which meets the requirements of Regulation 9-1 and provides Students with the necessary experience to be eligible to apply for a licence to practise public accounting upon admission to membership in CPA Ontario;
- 1.7.1 “pre-approved program” means a program meeting the *CPA Practical Experience Requirements* and approved by the Vice President of Learning in accordance with section 45 or 46 of Regulation 6-6;
- 1.8 “university degree” means:
- 1.8.1 a four-year undergraduate degree or other equivalent indicator of academic achievement comprising 120 credit hours or equivalent: or
- 1.8.2 a post-graduate degree or other equivalent indicator of academic achievement beyond the level of an undergraduate degree or equivalent, that is granted by an academic institution.
- 1.9 “Uniform Evaluation” (UFE) means the qualifying evaluation required to be successfully written prior to August 31, 2015 to qualify for admission to membership.

**Registration**

2. The Registrar shall register as a Legacy CA Student with CPA Ontario anyone who, prior to February 1, 2015:
  - 2.1 makes an application in **Form 6-4A** and pays the prescribed fee;
  - 2.2 provides proof of identity, including legal and any assumed name, satisfactory to the Registrar;
  - 2.3 provides evidence of good character satisfactory to the Registrar;
  - 2.4 has access to a computer that meets the minimum configuration requirements as set by CPA Ontario from time to time, including Internet access and a valid email address, unless exempted from this requirement by the Registrar;
  - 2.5 meets the requirements for one of the registration categories as set out in section 5;
  - 2.6 meets the employment requirements as set out in this regulation or approved by the Council from time to time;
  - 2.7 provides a signed declaration that the individual understands and agrees to abide by the CPA Ontario Academic Code of Conduct; and
  - 2.8 provides all information and produces all documents and other materials as requested by the Registrar or, in extraordinary circumstances where such documentation is not available, provides alternative proof satisfactory to the Registrar.
  - 2.9 Legacy CA Students in the Transfer or Transfer – Quebec categories of registration are exempt from the requirement to register prior to February 1, 2015.
3. It is the responsibility of the individual seeking registration to ensure the application is complete and accurate, and is received by the Registrar.
4. In making any decision pursuant to this regulation, the Registrar shall act in accord with the Act, Bylaws, and regulations of CPA Ontario and shall be guided by the policies and guidelines, if any, passed by the Council from time to time.

**Registration Categories**

5. An individual may register in one of the following categories:
  - 5.1 ***University Graduate*** – an individual who has completed all the academic requirements for the conferral of a university degree;
  - 5.2 ***Co-operative Degree Program*** – an individual who is enrolled in a co-operative degree program approved by the Council (Schedule A);

- 5.3 **CA Accredited University Program** – an individual who is enrolled in an accredited program listed in Schedule B;
- 5.3A **CPA Accredited University Program** – an individual who is enrolled in the graduate-level component of a CPA Accredited University program as defined in subsection 1.4;
- 5.4 **Other Ontario Accounting Designation** – an individual who:
- 5.4.1 has a university degree conferred;
  - 5.4.2 is a member in good standing with The Certified General Accountants Association of Ontario or the Certified Management Accountants of Ontario; and
  - 5.4.3 registered as a Student prior to August 31, 2014.
- 5.5 **Accounting Body Outside Canada** – an individual who:
- 5.5.1 is a member in good standing with, and certified or licensed to practice by, either a professional accounting body outside Canada that is a member body in good standing of the International Federation of Accountants at the date of the individual's application for registration or a professional or regulatory body or authority for accountants or auditors in a country other than Canada that has been established by statute to qualify, certify, regulate, license or authorize individuals to practise as accountants or auditors in that country;
  - 5.5.2 provides evidence satisfactory to the Registrar of the completion of a minimum three years of accounting experience meeting the guidelines established by the Council from time to time; and
  - 5.5.3 is not eligible to register as a Legacy CA Student pursuant to subsection 5.6 of this regulation;
- 5.6 **Accounting Body Outside Canada – Specified** – an individual who is a member in good standing with an accounting body listed in Schedule C, and who meets the conditions for registration contained in a memorandum of understanding or agreement between that body and CPA Ontario;
- 5.7 **Transfer** – an individual registered prior to February 1, 2015 and currently and in good standing with another Provincial Body in a program leading to the Chartered Accountant designation who:
- 5.7.1 has a university degree conferred;
  - 5.7.2 has completed, to the Registrar's satisfaction, some or all of the CA Practical Experience Requirement, which has been accepted by the Provincial Body with which the individual was registered;
  - 5.7.3 has not attempted the UFE or the CFiE; and
  - 5.7.4 within three months of the date of registration with CPA Ontario, discontinues or terminates registration with any other Provincial Body;

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- 5.8 **Transfer – Quebec** – an individual registered prior to February 1, 2015 and currently in good standing with the Ordre des comptables professionnels agréés du Québec in a program leading to the chartered accountant designation who:
- 5.8.1 has a university degree conferred;
  - 5.8.2 has successfully completed the UFE or the Common Final Examination while so registered; and
  - 5.8.3 within three months of the date of registration with CPA Ontario, discontinues or terminates registration with the Ordre des comptables professionnels agréés du Québec.
- 5.9 **Conditional** – an individual who:
- 5.9.1 is attending an academic institution in a program leading to a university degree on a full-time or part-time basis; and
  - 5.9.2 has fulfilled the employment requirement;
- 5.10 **Mature** – an individual who:
- 5.10.1 is at least 25 years of age;
  - 5.10.2 has completed no more than two years or sixty credit hours at an academic institution;
  - 5.10.3 is enrolled at an academic institution in courses that qualify to fulfill the credit hour requirement;
  - 5.10.4 has at least three years work experience in accounting, business or other relevant area satisfactory to the Registrar; and
  - 5.10.5 satisfies the Registrar that the individual does not meet the requirements of any other category of student registration as set out in this section;
6. A Legacy CA Student may only register in one registration category, and may not also be registered as a Student pursuant to Regulation 6-1.
7. Notwithstanding section 6, an individual may register in the Co-operative Degree Program, CA Accredited University Program and CPA Accredited University Program categories if the individual meets the requirements of each of those categories.

### **Period of Registration**

8. Unless otherwise specified in this regulation, the date of registration shall be the earlier of the date upon which the individual:



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- 8.1 provides proof of compliance with all the requirements of section 2 of this regulation; and
- 8.2 commences employment with an Approved Training Office or in a Pre-Approved Program, provided that:
  - 8.2.1 proof of such employment satisfactory to the Registrar is received within three months of the date set out in subsection 8.1; and
  - 8.2.2 the date of registration shall not be any earlier than three months prior to the date the individual meets the requirements of subsection 8.1.
9. A Legacy CA Student shall renew registration on an annual basis by making an application for renewal in **Form 6-4B** and paying the prescribed fee, and providing all information and producing all documents and other materials as requested by the Registrar.
10. The Registrar shall suspend the registration of any Legacy CA Student who fails to comply with any provision of this regulation, or of the bylaws or regulations, and shall deregister a Student as required by the bylaws or regulations or pursuant to the Academic Code of Conduct.
11. The Registrar shall deregister any Legacy CA Student whose registration has been suspended for a cumulative period of one year, unless otherwise provided in the bylaws or regulations.
12. A Legacy CA Student who has been deregistered pursuant to section 11 may apply for re-registration upon complying with the requirements for registration in effect at the time of that application.
13. The Registrar shall deregister a Legacy CA Student as of the earliest of:
  - 13.1 the tenth anniversary of the Legacy CA Student's initial date of registration;
  - 13.2 forty-five days following the release of the result of the Legacy CA Student's fourth unsuccessful attempt of the UFE, or, if an appeal of that result has been filed, immediately upon the denial of such appeal;
  - 13.3 forty-five days following the release of the result of the Legacy CA Student's third unsuccessful attempt of the Common Final Examination, or, if an appeal of that result has been filed, immediately upon the denial of such appeal;
  - 13.4 the sixth anniversary of the Legacy CA Student's first date of writing any examination in the CPA Professional Education Program if on that anniversary date the Legacy CA Student has not attempted the Common Final Examination; or
  - 13.5 February 1, 2020.
14. A Legacy CA Student who has been deregistered pursuant to section 13 shall not be reregistered except at the discretion of, and on such terms and conditions deemed appropriate by, the Registrar, except that an individual who was

deregistered pursuant to subsection 13.5 of this regulation may be registered as a Student pursuant to Regulation 6-1 if the individual meets the requirements of that regulation.

**Completion of Program**

15. Unless otherwise specified in this regulation, every Legacy CA Student shall successfully complete the following during the period of registration in good standing:
  - 15.1 Education Requirement;
  - 15.2 Professional Program Requirement; and
  - 15.3 Practical Experience Requirement.

**Education Requirement**

16. Unless otherwise specified in this regulation or not required by the category of registration, all Legacy CA Students shall:
  - 16.1 provide proof satisfactory to the Registrar of the conferral of a university degree at the time of registration; and
  - 16.2 complete the credit hour requirement.
17. A Legacy CA Student registering as a University Graduate shall provide proof satisfactory to the Registrar of:
  - 17.1 the completion of the academic requirements for a university degree; and
  - 17.2 within four months of the date of registration, conferral of that degree.
18. A Legacy CA Student registering as a Co-operative Degree Program, CA Accredited University Program, CPA Accredited University Program, or Conditional Student shall provide proof satisfactory to the Registrar:
  - 18.1 at the time of registration, enrolment in an eligible program leading to the conferral of a university degree, and graduate diploma or degree, if applicable; and
  - 18.2 within four months of the completion of the academic requirements for that degree or diploma, conferral of the degree, and graduate diploma, if applicable.
19. Unless otherwise exempted by this regulation, all Legacy CA Students shall complete, either prior to or while registered in good standing as a Student, fifty-one (51) credit hours in courses acceptable to the Vice-President of Learning, as follows, and shall provide proof satisfactory to the Registrar of completion of the credit hours:

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<b>Courses</b>	<b>Number of credit hours</b>
Financial accounting (introductory, intermediate and advanced)	15
Cost and management accounting	6
Advanced accounting elective	3
Auditing	9
Canadian Taxation (personal & corporate)	6
Business information systems	3
Finance/Financial management	3
Economics	3
Canadian Business Law	3

20. To qualify towards the credit hour requirement:
- 20.1 the courses in Canadian Business Law and Canadian Taxation must have been taken at an academic institution in Canada;
  - 20.2 one of the courses for advanced financial accounting and the advanced accounting elective must be taken at an academic institution in Canada;
  - 20.3 courses taken at an academic institution, subject to the restrictions set out in this section, will be recognized for the credit hour requirement if they are found to be equivalent in content to those at an academic institution in Canada;
  - 20.4 a maximum of twenty-four (24) credit hours may be fulfilled through college diploma transfer credit courses that:
    - 20.4.1 meet CPA Ontario's requirements;
    - 20.4.2 are recognized by a university under an articulation agreement; and
    - 20.4.3 are in the following subject areas and do not exceed the maximum credit recognition in each area:

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<b>Subject area</b>	<b>Credit hours</b>
Introductory Financial Accounting	3
Introductory Cost and Management Accounting	3
Introductory Auditing	3
Taxation – Personal	3
Business/Management Information Systems	3
Corporate Finance/Financial Management	3
Economics (Macro and Micro)	3
Canadian Business Law	3

- 20.5 a grade point average of B- (B in the University of Toronto MMPA program) or 70.0% or higher, or, if another marking system is used by the institution at which the credit is obtained, the equivalent at the determination of the Vice-President of Learning, must be obtained overall in the courses in the credit hour requirement; and
- 20.6 the classroom or instruction hours per week and the number of weeks constituting the term or duration of each course, as recorded or reported by the academic institution, meets or exceeds the number of hours per week and the number of weeks set out in subsection 1.5, as determined by the Vice-President of Learning.

**Exemptions**

21. Legacy CA Students in the CA Accredited University Program registration category are deemed to have met the credit hour requirement, provided they meet the provisions of subsection 20.5.
22. Legacy CA Students in the CPA Accredited University Program registration category are deemed to have met the credit hour requirement, provided they also meet the following minimum grade requirements:
- 22.1 a minimum overall grade point average of 70% (“B-“) in the courses that comprise the CPA accredited stream or program;
- 22.2 a minimum of a passing grade in each degree credit course commenced before May 1, 2014; and
- 22.3 a passing grade or a minimum grade of 60%, whichever is higher, in each course commenced after April 30, 2014.
23. Legacy CA Students in the Transfer – Quebec registration category are exempt from the credit hour requirement.
24. Legacy CA Students in the Accounting Body Outside Canada registration category are exempt from the credit hour requirement except for the requirement to pass an approved course in Canadian Business Law.

25. Legacy CA Students in the Accounting Body Outside Canada – Specified registration category may be exempt from the credit hour requirement, pursuant to the memorandum of understanding or agreement between the accounting body and CPA Ontario.

**Professional Program Requirement**

26. Unless otherwise specified in Schedule D, all Legacy CA Students shall, while registered in good standing, successfully complete the following elements of the CPA Professional Program (PEP):
- 26.1 two mandatory core modules:
- 26.1.1 Core 1 – Financial Accounting and Reporting; and
- 26.1.2. Core 2 – Management Accounting, Planning and Control;
- 26.2 two elective modules:
- 26.2.1 Taxation;
- 26.2.2 Assurance;
- 26.3 two mandatory capstone modules:
- 26.3.1 Capstone 1 – Capstone Integrative Module; and
- 26.3.2 Capstone 2 – Capstone Examination Preparation Module.
- 26.4 Students may complete the requirements of subsections 26.1 and 26.2 by successfully attempting the module examinations without enrolling in the modules, but a Student who is unsuccessful on two attempts at any examination must enroll in and complete the module before making a further attempt at that examination.
27. Unless otherwise specified in this regulation, a Legacy CA Student must successfully complete or be exempted from the examinations for Core 1 and Core 2 and both elective modules to be eligible to enroll in the capstone modules.
28. A Legacy CA Student who is unsuccessful in three attempts of any module in the CPA Professional Program:
- 28.1 shall not be eligible to proceed further in the CPA Professional Program;
- 28.2 shall not retain credit for any module examination(s) in which the Legacy CA Student has been successful or any exemptions granted; and
- 28.3 shall be required to transfer registration to Regulation 6-1 as a Transitional CA Student.

**Uniform Examination or Common Final Examination**

- 29. A Legacy CA Student may, subject to section 13 of this regulation, attempt the supplemental UFE in June 2015 if the Legacy CA Student:
  - 29.1 has been successful in the supplemental School of Accountancy (SOA) examination in November 2014;
  - 29.2 is a graduate of the MAcc at the University of Waterloo;
  - 29.3 has unsuccessfully attempted the UFE prior to October 31, 2014; or
  - 29.4 is granted permission by the Registrar.
- 30. No Legacy CA Student shall be exempted from the requirement to pass one of the UFE or the Common Final Examination.
- 31. A Legacy CA Student in the Transfer – Quebec registration category may pass the UFE prior to registration.
- 32. A Legacy CA Student requiring special accommodation may request such accommodation by submitting a request in accordance with the policies adopted by the Council from time to time.
- 33. A Legacy CA Student may request special consideration due to circumstances arising during an examination in accordance with the policies adopted by the Council from time to time.

**Employment Requirement**

- 34. Unless altered or suspended by Council resolution, or exempted by this regulation, every Legacy CA Student shall, at the time of registration:
  - 34.1 be presently employed with an Approved Training Office or in a Pre-Approved Program;
  - 34.2 have accepted an offer of full-time employment in an Approved Training Office or in a Pre-Approved Program to commence no later than twelve months following the date of registration; or
  - 34.3 be employed on a part-time or other short-term basis with an Approved Training Office or in a Pre-Approved Program while being enrolled in a university degree program, provided that such employment arrangement is acceptable to CPA Ontario for the purpose of fulfilling the prescribed practical experience requirement.

**Exemption**

- 35. Legacy CA Students who have been determined to have completed their Practical Experience Requirement prior to registration are exempt from the requirement for employment.

**Practical Experience Requirement**

**Legacy CA Students Registered Prior to September 1, 2014**

36. A Legacy CA Student who was registered and commenced employment prior to September 1, 2014 shall successfully complete the practical experience requirements set out in the *CA Practical Experience Requirements, 2010*, approved by the Council, which shall be considered to be a policy passed by the Council for the completion of the Practical Experience Requirement, except where that document is inconsistent with any bylaw, regulation, policy, or guideline passed by the Council from time to time.
37. Effective September 1, 2014, any reference in the *CA Practical Experience Requirements, 2010*, to “Chartered Accountant” or “CA” shall be deemed to refer to “Chartered Professional Accountant” or “CPA”.
38. Every Legacy CA Student shall complete a period of three years of Practical Experience, less any period determined by the Registrar to have been completed prior to registration.
39. The three years of Practical Experience shall include study leave, attending training programs, vacation, and leaves of absence, as provided in the policies passed by the Council from time to time.
40. The three years of Practical Experience is calculated on the basis of full-time employment, and part-time employment shall be considered on a fractional basis.
41. The Practical Experience Requirement shall be completed at an Approved Training Office.
42. Notwithstanding section 41, a Legacy CA Student may complete up to one-third (1/3) of the Practical Experience Requirement through one or more secondments if the secondment meets the requirements of the policies passed by the Council from time to time.
43. To be eligible to apply for a public accounting licence upon admission to membership in CPA Ontario, a Legacy CA Student must comply with the requirements of Regulation 9-1 – Public Accounting Licensing.
44. Legacy CA Students in the Co-operative Degree Program registration category may only complete up to the maximum number of months of Practical Experience set out in Schedule A prior to conferral of a university degree, and any further employment prior to that conferral will not be eligible towards the Practical Experience Requirement.
45. Legacy CA Students in the following registration categories may apply to the Registrar in **Form 6-4R** for a determination that some or all of the Practical Experience Requirement has been completed prior to registration:
  - 45.1 Other Ontario Accounting Designation,
  - 45.2 Accounting Body Outside Canada,

- 45.3 Transfer; and
- 45.4 Transfer – Quebec.
- 46. Legacy CA Students in the Accounting Body Outside Canada – Specified registration category shall complete the Practical Experience Requirement as set out in the memorandum of understanding or agreement between the accounting body and CPA Ontario.
- 47. Notwithstanding subsection 8.2, and subject to section 45, the Registrar may, only in exceptional and unique circumstances, recognize a greater amount of pre-registration employment as part of the Practical Experience Requirement, but in no circumstances shall more than eight months be recognized.

**Transition**

- 48. Notwithstanding section 36, a Legacy CA Student may elect to transition to the CPA Practical Experience Requirement set out in the *CPA Practical Experience Requirements*, in accordance with the transition requirements set out in that document, if the Legacy CA Student:
  - 48.1 commenced employment in an Approved Training Office prior to September 1, 2014;
  - 48.2 submits a joint election signed by the Legacy CA Student and the employer agreeing to the transition;
  - 48.3 submits any experience report required by the Vice President of Learning; and
  - 48.4 provides all information and documents requested by the Vice President of Learning.
- 49. Legacy CA Students who have not fulfilled the Practical Experience Requirements of this regulation prior to September 1, 2018 shall be required to transition to the CPA Practical Experience Requirement set out in the *CPA Practical Experience Requirements*, in accordance with the transition requirements set out in that document or any successor document adopted by the Council.

**Legacy CA Students Registered After August 31, 2014**

- 50. A Legacy CA Student who registers or commences employment after August 31, 2014 shall successfully complete the CPA Practical Experience Requirement set out in *CPA Practical Experience Requirements*, or any successor document approved by the Council in accordance with Regulation 6-6.
- 51. A Legacy CA Student who completes any part of the CPA Practical Experience Requirement pursuant to s. 7.1 of Regulation 6-6 (Experience Verification) must transfer their registration Regulation 6-1 as a Transitional CA Student and will not be eligible to receive the Chartered Accountant designation upon admission to membership.



**Approved Training Offices**

**Approvals**

52. An Approved Training Office may apply to the Vice President of Learning to increase the number of Legacy CA Students it is authorized to employ.
53. On receipt of an application pursuant to section 52, the Vice President of Learning may request documentation, information or consents from the applicant.
54. The Vice President of Learning may approve an Approved Training Office for employment of additional Legacy CA Students if it meets the criteria below, as may be applicable:
- 54.1 is able to provide Legacy CA Students with the qualifying experience required in Regulation 9-1;
- 54.2 is able to provide a diverse mix of assignments to ensure well-rounded training;
- 54.3 exhibits adherence to standards prescribed in the harmonized inspection program policies established for all provincial and regional bodies across Canada;
- 54.4 exhibits adherence to the CA Practical Experience Requirements; and
- 54.5 exhibits adherence to the Standards of the Public Accountants Council for the Province of Ontario.
55. The Vice President of Learning shall specify the terms of any approval in writing, including the maximum number of Legacy CA Students to be employed by the Approved Training Office.

**Obligations**

56. Every Approved Training Office approved to employ one or more Legacy CA Students shall be responsible for:
- 56.1 meeting the requirements of the *CA Practical Experience Requirements*;
- 56.2 maintaining records showing the chargeable hours required by Regulation 9-1 for eligibility to apply for a licence to practise public accounting upon admission to membership;
- 56.3 submitting the records in 56.2 to CPA Ontario at such time as the Legacy CA Student terminates employment or has completed training; and
- 56.4 adhering to the standards set out in the *CA Practical Experience*

*Requirements*, the harmonized inspection program policies established for all provincial and regional bodies, and the Standards of the Public Accountants Council for the Province of Ontario, if applicable.

### **Monitoring**

57. CPA Ontario may at any time, designate any person to monitor an Approved Training Office. Circumstances that may result in monitoring include, but are not limited to:
- 57.1 scheduled monitoring visit as part of the typical three-year cycle;
  - 57.2 significant change in an Approved Training Office such as a merger, a significant loss of partners, training principals, or counselling members involved in the training program;
  - 57.3 significant change in the number of Legacy CA Students employed;
  - 57.4 Legacy CA Student complaints received regarding the training;
  - 57.5 past Legacy CA Student program issues having been identified; or
  - 57.6 consistent Legacy CA Student failures or high Legacy CA Student failure rates in the CA Professional Program.
58. When monitoring an Approved Training Office pursuant to section 57, CPA Ontario may request documentation, information or consents from the Approved Training Office.
59. The monitor shall consider whether the Approved Training Office meets, or continues to meet, the requirements for the training of Legacy CA Students.
60. At the conclusion of the monitoring process, the monitor shall provide a recommendation to the Vice President of Learning to:
- 60.1 confirm the existing terms of approval;
  - 60.2 amend the existing terms of approval; or
  - 60.3 suspend or revoke the approval.

### **Revocation**

61. The Vice President of Learning shall revoke any approval for employment of Legacy CA Students upon the expiry of 90 days from the date of suspension pursuant to subsection 60.3 and at any time if an Approved Training Office fails to:
- 61.1 continue to meet the standards required to train Legacy CA Students;

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- 61.2 supply documentation or information to CPA Ontario within 30 days of a specific written request; or
- 61.3 co-operate in any manner with the monitoring process.

### **Transition**

- 62. An Approved Training Office shall apply to the Vice President of Learning for approval of a Pre-Approved Program in accordance with Regulation 6-6 and the requirements of the *CPA Practical Experience Requirements* on or before August 31, 2015, and upon approval by the Vice President of Learning, will be subject to the requirements of Regulation 6-6.
- 63. An Approved Training Office that does not obtain approval in accordance with section 63 by August 31, 2015 will not be permitted to employ any additional Legacy CA Students and the Vice President of Learning shall revoke the approval as an Approved Training Office upon the earlier of:
  - 63.1 the date that all Legacy CA Students employed by the Approved Training Office terminate employment or have completed training; and
  - 63.2 September 1, 2018.

### **Appeals**

- 64. A decision of the Registrar not to register or reregister an individual as a Legacy CA Student or to deregister a Legacy CA Student may be appealed by the individual or Legacy CA Student to the Membership Committee.
- 65. The parties to an appeal are the individual appealing and the Registrar.
- 66. The appeal shall be conducted in accordance with the Rules of Practice and Procedure.
- 67. The decision of the Membership Committee is final.

### **Reviews**

- 68. An organization whose approval as an Approved Training Office is revoked pursuant to section 60 or 61 may request the decision of the Vice President of Learning be reviewed by the Membership Committee.
- 69. On a review, the Membership Committee shall have the power to refer a matter back to the Vice President of Learning for reconsideration if the Committee determines that one or more of the following circumstances exists:
  - 69.1 the Vice President of Learning failed to follow appropriate procedures in arriving at his decision; or

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- 69.2 the Vice President of Learning did not give due consideration to all of the evidence available in arriving at his decision.
70. The decision of the Membership Committee on a review is final.

## SCHEDULE A

UNIVERSITY CO-OPERATIVE DEGREE  
PROGRAMS

<b>University</b>	<b>Degree program</b>	<b>Maximum months of co-op work term experience</b>
Algoma	Bachelor of Business Administration	20
Brock	Bachelor of Business Administration	12
Brock	Bachelor of Accounting	20
Carleton	Bachelor of Commerce	16
Dalhousie	Bachelor of Commerce	12
Guelph	Bachelor of Commerce, Honours Program – Accounting, Co-operative Education Program (HBComm)	16
McMaster	Bachelor of Commerce (Internship)	16
McMaster	Master of Business Administration	12
Ottawa	Honours Bachelor of Commerce in Accounting	12
Redeemer	Bachelor of Arts, Honours Business Major-Accounting	16
Toronto (Mississauga)	Masters in Management and Professional Accounting	8
Toronto (Scarborough)	Bachelor of Business Administration (Program in Management)	12
Waterloo	Bachelor of Accounting and Financial Management (Honours)	16
Waterloo	Bachelor of Mathematics (Chartered Accountancy)	16
Waterloo	Bachelor of Science (Honours Chartered Accountancy)	16
Wilfrid Laurier/ Waterloo	Honours Bachelor of Business Administration (Laurier)/Honours Bachelor of Mathematics (Waterloo)	16

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*Effective for students graduating after Dec 31, 2010*

Wilfrid Laurier/ Waterloo	Honours Bachelor of Business Administration (Laurier)/Bachelor of Computer Science (Waterloo)	16
	<i>Effective for students graduating after Dec 31, 2010</i>	
Wilfrid Laurier	Honours Bachelor of Business Administration	12
Wilfrid Laurier	Honours Bachelor of Arts (Economics)	12
Wilfrid Laurier	Honours Bachelor of Business Administration/ Bachelor of Science in Computer Science	16
	<i>Effective for students graduating after Dec 31, 2010</i>	
Wilfrid Laurier	Honours Bachelor of Business Administration/ Bachelor of Science in Computing and Computer Electronics	16
	<i>Effective for students graduating after Dec 31, 2010</i>	
Wilfrid Laurier	Honours Bachelor of Business Administration/ Bachelor of Arts in Financial Mathematics	16
	<i>Effective for students graduating after Dec 31, 2010</i>	
Windsor	Bachelor of Commerce	16

**SCHEDULE B**

**ACADEMIC INSTITUTIONS WITH CA ACCREDITED PROGRAMS/STREAMS**

Brock University – Bachelor of Accounting, Option A, regular and co-op.

McMaster University – Master of Business Administration, Accounting stream and Bachelor of Commerce (Honours), Accounting stream, regular and internship, both inclusive of the courses for a professional accounting designation needed to complete the 51 credit hours.

Queen’s University – Bachelor of Commerce, Accounting stream, in combination with the Graduate Diploma in Accounting.

The University of Western Ontario, Richard Ivey School of Business – Honours Bachelor of Business Administration, Accounting stream, inclusive of the Diploma in Accounting.

University of Toronto, Mississauga – Master of Management and Professional Accounting (MMPA), and Bachelor of Commerce, Accounting Specialist stream.

University of Toronto, Rotman Commerce, St. George – Bachelor of Commerce, Accounting Specialist stream.

University of Toronto, Scarborough – Bachelor of Business Administration, Accounting stream regular and co-op.

University of Waterloo – Master of Accounting.

Wilfrid Laurier University, Single and Double Degree Programs, regular and co-op, inclusive of the post-undergraduate degree courses needed to complete the 51 credit hours:

- Honours Bachelor of Business Administration, Accounting stream.
- Honours Bachelor of Business Administration, Accounting stream / Honours Bachelor of Science in Computing and Computer Electronics.
- Honours Bachelor of Business Administration, Accounting stream / Honours Bachelor of Science in Computer Science.
- Honours Bachelor of Business Administration, Accounting stream / Honours Bachelor of Arts Financial Mathematics.

Wilfrid Laurier University / University of Waterloo, Double Degree Programs, regular and co-op, inclusive of the post-degree undergraduate courses needed to complete the 51 credit hours:

- Honours Bachelor of Business Administration (Laurier) / Honours Bachelor of Mathematics (Waterloo).
- Honours Bachelor of Business Administration (Laurier) / Honours Bachelor of Computer Science (Waterloo).

York University, Schulich School of Business – Master of Business Administration, Accounting stream, Master of Accounting, Accounting stream, and Bachelor of Business Administration, Accounting stream.

**SCHEDULE C**

**SPECIFIED ACCOUNTING BODIES**

- The Institute of Chartered Accountants of India
- The Institute of Chartered Accountants of Pakistan



**SCHEDULE D**

**CHALLENGE PATH**

Elements of Challenge Path	Exemptions from Elements of Challenge Path		
	<b>Transition from Legacy CA Professional Program</b>	<b>Transition from Waterloo MAcc graduate prior to August 2015</b>	<b>CPA Accredited Program</b>
<b>Core 1 Examination</b>	A Student who has successfully completed the Core Knowledge Examination (CKE) on or after June 1, 2011 or is exempt from the requirement to complete the CKE is exempt from the requirement to challenge the Core 1 and 2 Exams.	A Student who has graduated from the Waterloo MAcc prior to August 2015 is exempt from the requirement to challenge the Core 1 and 2 Exams.	A Student who has graduated from a CPA Accredited Program is exempt from the requirement to challenge the Core 1 and 2 Exams.
<b>Core 2 Examination</b>			
<b>Taxation Elective Examination</b>	A Student who has successfully completed or is exempt from the requirement to complete the SOA (or Supplemental SOA), and has completed the Staff Training program or equivalent, is exempt from the requirement to challenge the Taxation and Assurance Elective Exams.	A Student who has graduated from the Waterloo MAcc prior to August 2015 and has completed the Staff Training Program or equivalent is exempt from the requirement to challenge the Taxation and Assurance Elective Exams.	A Student who has successfully passed a CPA Accredited Program may be exempt from the requirement to challenge the Taxation and Assurance Elective Exams. See schedule B to Regulation 6-1 for individual program details.
<b>Assurance Elective Examination</b>			
<b>Capstone 1 Module</b>	A Student who has successfully completed the UFE is exempt from	A Student who	A Student who has graduated from a CPA Accredited

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<p><b>Capstone 2 Module</b></p>	<p>the requirement to complete Capstone Modules 1 and 2.</p>	<p>has successfully completed the UFE is exempt from the requirement to complete Capstone Modules 1 and 2.</p>	<p>Program may be exempt from the requirement to complete Capstone Modules 1 and 2. See schedule B to Regulation 6-1 for individual program details</p>
<p><b>Common Final Exam (CFE) - depth areas must be financial reporting and assurance</b></p>	<p>- A Student who has successfully completed the UFE is exempt from the requirement to complete the CFE.</p>	<p>A Student who has successfully completed the UFE is exempt from the requirement to complete the CFE.</p>	<p>A Student who has successfully completed the UFE is exempt from the requirement to complete the CFE.</p>

**CHARTERED PROFESSIONAL  
ACCOUNTANTS OF ONTARIO**

**REGULATION 6-6  
CPA PRACTICAL EXPERIENCE REQUIREMENT**

**Adopted by the Council pursuant to the *Chartered Accountants Act, 2010*, and the  
Bylaws on November 27, 2014**

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**REGULATION 6-6  
CPA PRACTICAL EXPERIENCE REQUIREMENT**  
Adopted by the Council pursuant to the *Chartered Accountants Act, 2010*, and the  
Bylaws on November 27, 2014

**Application**

1. This Regulation shall apply to:
  - 1.1 Students registered under Regulation 6-1; and
  - 1.2 Students registered under Regulation 6-4 who are required to comply with the *CPA Practical Experience Requirements* pursuant to the following sections of that regulation:
    - 1.2.1 section 48 (election);
    - 1.2.2 section 49 (failure to complete practical experience requirements prior to September 1, 2018); or
    - 1.2.3 section 50 (commenced employment after August 31, 2014).

**Definitions**

2. In this regulation, words have the same meaning as they do in the Act and bylaws and:
  - 2.1 “experience verification model” means the accumulation of qualifying practical experience while employed in positions which are not part of a Pre-Approved Program, as demonstrated by the submission of detailed practical experience reports demonstrating the development of the necessary competencies in accordance with the requirements of the *CPA Practical Experience Requirements*;
  - 2.2 “external audit Pre-Approved Program” means a Pre-Approved Program which meets the requirements of Regulation 9-1 and provides Students with the necessary experience to be eligible to apply for a licence to practise public accounting upon admission to membership in CPA Ontario and is approved by the Vice President of Learning in accordance with section 48 of this regulation;
  - 2.3 “family member” means an individual’s spouse, common-law spouse, natural or adopted parent, sibling, natural or adopted children, natural grandchildren or a child legally adopted by the natural or adopted child of the individual such that the child is considered the grandchild of the individual;
  - 2.4 “full time employment” means a work week of 35 hours or more on a regular basis;
  - 2.5 “practical experience recognition date” means the date which is the later of:

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- 2.5.1 the date on which the Student has provided satisfactory evidence to the Vice President of Learning that the Student:
- 2.5.1.1 has commenced employment
    - 2.5.1.1.1 in a position in a Pre-Approved Program; or
    - 2.5.1.1.2 in a position that allows the Student to gain experience in at least one sub-competency area that is at least at a Level 1 proficiency under the Experience Verification model; and
  - 2.5.1.2 has a qualified mentor as prescribed in the *CPA Practical Experience Requirements* or any successor document approved by the Council; and
- 2.5.2 the date of registration under Regulation 6-1 or 6-4;
- 2.6. “pre-approved program” means a program meeting the *CPA Practical Experience Requirements* and approved by the Vice President of Learning in accordance with section 45 or 46 of this regulation;
- 2.7. “volunteer experience” means experience where there is no financial gain for the individual.

### **CPA Practical Experience Requirement**

3. The *CPA Practical Experience Requirements*, or any successor document approved by the Council shall be considered to be a policy passed by the Council for the completion of the CPA Practical Experience Requirement, except where that document is inconsistent with any bylaw, regulation, policy or guideline passed by the Council from time to time.
4. Any organization employing Students completing the CPA Practical Experience Requirements shall be considered to be a training office for the purposes of subsection 6.7 of the Bylaws.
5. To be eligible to apply for a public accounting licence upon admission to membership in CPA Ontario, a Student must comply with the requirements of Regulation 9-1 – Public Accounting Licensing.

### **Qualifying Practical Experience**

6. Unless otherwise specified in this regulation, every Student shall complete a period of 30 months of practical experience which satisfies the *CPA Practical Experience Requirements*, or any successor document approved by the Council, less any period determined by the Vice President of Learning to have been completed prior to registration.

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7. Practical experience must be obtained in accordance with the *CPA Practical Experience Requirements* through:
  - 7.1 the Experience Verification model;
  - 7.2 participation in a Pre-Approved Program; or
  - 7.3 a combination of 7.1 and 7.2 acceptable to the Vice President of Learning.
8. A Student must develop the technical and enabling competencies to the required proficiencies and meet the minimum breadth, depth, and core standards as set out in the *CPA Practical Experience Requirements* to the satisfaction of the Vice President of Learning.
9. Only experience gained in positions which terminated in the seven years immediately preceding the date upon which the Student's final Experience Report is submitted to CPA Ontario will be recognized towards the completion of the Practical Experience Requirement.
10. The following experience may be recognized towards the completion of the Practical Experience Requirement in accordance with the criteria set out in the *CPA Practical Experience Requirements*:
  - 10.1 international experience;
  - 10.2. experience gained through self-employment; and
  - 10.3 secondment assignments.
11. A Student shall fulfill the 30 month Practical Experience Requirement through paid employment. Volunteer Experience:
  - 11.1 will not be recognized towards the required 30 months duration, and
  - 11.2 may be recognized to demonstrate development of enabling and technical competencies, provided that:
    - 11.2.1 the Volunteer Experience is verifiable; and
    - 11.2.2 the Volunteer Experience is not obtained through an unpaid internship.
12. The 30 months of practical experience shall include study leave, attending training programs, vacation, and leaves of absence to a maximum of 20 weeks, or as provided in the policies approved by the Council from time to time.
13. Practical experience shall be calculated on the basis of Full Time Employment, and part-time employment shall be calculated on a pro-rated basis for part-time work weeks regularly below 35 hours.

14. Subject to section 9, the Vice President of Learning may recognize a maximum of 12 months of practical experience obtained prior to the Practical Experience Recognition Date, in accordance with the provisions of the *CPA Practical Experience Requirements*, which experience may include multiple positions, provided that each position is of a minimum of three months in duration.

**Accumulation of Practical Experience**

15. Accumulation of practical experience begins on the Practical Experience Recognition Date, but recognition of experience towards the completion of the Practical Experience Requirement will be subject to the following limits: :
- 15.1 no more than twelve months of experience under the Experience Verification model gained prior to such time as a Student meets the proficiency requirements set out in the *CPA Practical Experience Requirements* will be recognized;
  - 15.2 experience gained in an employment position that does not meet the *CPA Practical Experience Requirements* will not be recognized;
  - 15.3 no more than 18 months of experience gained prior to the Student's PEP Commencement Date as defined in Regulation 6-1 will be recognized ; and
  - 15.4 no more than ninety days of experience gained during any period of time in which a Student under the Experience Verification model does not have a mentor will be recognized.

**Exemptions from Practical Experience Requirements**

16. Notwithstanding sections 9 and 14, Students in the following categories of registration may apply to the Vice President of Learning for a determination that some or all of the Practical Experience Requirement has been completed prior to registration:
- 16.1 Accounting Body Outside Canada,
  - 16.2 Transfer,
  - 16.3 Transfer – Quebec and,
  - 16.4 Subject to section 20, Accounting Body Outside Canada – Specified.
17. Students in the Accounting Body Outside Canada – Specified category of registration category shall complete the CPA Practical Experience Requirement

as set out in the memorandum of understanding or agreement between the accounting body and CPA Ontario.

18. Exemptions from some or all of the CPA Practical Experience Requirement set out in the *CPA Practical Experience Requirements* or any successor document approved by the Council shall only be granted by the Vice President of Learning in accordance with the criteria set out in the *CPA Practical Experience Requirements* and the policies approved by Council from time to time.

### **Elements of the Practical Experience Requirements**

#### **Supervision**

19. Each Student shall have a Supervisor who occupies a higher position than the Student in the hierarchy of the organization in which the Student is employed.
20. Supervisors shall verify the accuracy of the practical experience report of a Student under the Experience Verification model and make any required declarations before the report can be assessed by CPA Ontario.
21. The experience of a Student under the Experience Verification model must be verified by an unrelated person for the purposes of the practical experience report:
  - 21.1 if the Student reports directly to a family member; or
  - 21.2 in accordance with the policies approved by the Council from time to time.

#### **Mentorship**

22. Each Student shall have a Mentor approved by CPA Ontario.
23. Students under the Experience Verification model shall be responsible for identifying their own Mentor, except that if a Student cannot identify a Mentor after three months from the date of the creation of their profile on the Practical Experience Reporting Tool (PERT), CPA Ontario shall match the Student with a suitable Mentor.
24. Students participating in a Pre-Approved Program shall be assigned a Mentor by their employer.
25. A Mentor:
  - 25.1 shall be
    - 25.1.1 a member in good standing of CPA Ontario or a Provincial Body;
    - or



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- 25.1.2 a member in good standing of a professional accounting body with which CPA Ontario has an existing agreement:
  - 25.1.2 requiring no additional Canadian experience to be eligible to be admitted to membership in CPA Ontario or be granted a Legacy Designation, or
  - 25.1.2. pursuant to such agreement, the individual's experience would be assessed by a Provincial Body as being substantially equivalent; and
- 25.2 shall not:
  - 25.2.1 have been convicted of a criminal or similar offence;
  - 25.2.2 have been adjudged bankrupt or made an arrangement with creditors pursuant to the Bankruptcy and Insolvency Act;
  - 25.2.3 be subject to a professional conduct investigation or disciplinary proceedings by any professional accounting or regulatory body;
  - 25.2.4 have been the subject of a disciplinary finding by any professional accounting or regulatory body.
- 26. The Vice President of Learning shall approve as a Mentor any individual who:
  - 26.1 makes an application in the prescribed form;
  - 26.2 provides proof of completion of a CPA Ontario-approved orientation session for Mentors;
  - 26.3 demonstrates, to the satisfaction of the Vice President of Learning, that the individual meets the criteria set out in section 25 of this regulation; and
  - 26.4 provides all information and produces all documents and other materials as requested by the Vice President of Learning.
- 27. A Mentor shall disclose to the Vice President of Learning forthwith upon the occurrence of any event which would make the individual ineligible to serve as a Mentor pursuant to section 25.
- 28. An individual who meets the criteria set out in sections 19 and 25 may perform the roles of Supervisor and Mentor for the same Student.
- 29. A Mentor shall act at all times in accordance with the requirements set out in the *CPA Practical Experience Requirements* and shall:
  - 29.1 meet with the Student a minimum of twice in every twelve month period to discuss competency development; and

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- 29.2 document any unresolved competency development concerns within the CPA Practical Experience Reporting Tool.
- 30. A Mentor who does not meet the ongoing obligations set out in section 29 and in the *CPA Practical Experience Requirements* may be required by CPA Ontario to:
  - 30.1 repeat the CPA Ontario orientation session;
  - 30.2 undertake specific professional development; or
  - 30.3 fulfill other requirements at the discretion of the Vice President of Learning.
- 31. The Vice President of Learning shall suspend the approval of an individual to serve as a Mentor upon:
  - 31.1 the occurrence of any event which would make the individual ineligible to serve as a Mentor pursuant to section 25;
  - 31.2 the failure to comply with any obligation imposed under section 29; or
  - 31.3 the breach of any obligation imposed by CPA Ontario.
- 32. The Vice President of Learning shall revoke the approval of an individual to serve as a Mentor upon the expiry of 180 days from the date of suspension pursuant to section 31.

### **Pre-Approved Program Leader**

- 33. Each Pre-Approved Program shall be the responsibility of a Pre-Approved Program Leader.
- 34. The Pre-Approved Program Leader shall be a member in good standing of CPA Ontario or a provincial body, and sufficiently senior within the organization or unit to:
  - 34.1 ensure the organization or unit implements and adheres to the *CPA Practical Experience Requirements*; and
  - 34.2 influence the opportunities for Students' competency development.
- 35. The Pre-Approved Program Leader shall be responsible for only those Students employed by the organization who are obtaining practical experience through the Pre-Approved Program.
- 36. The Pre-Approved Program Leader shall provide CPA Ontario with a Certification Sign Off of a Student's experience report before the report will be assessed by CPA Ontario.

**Reporting**

37. Students shall report their experience development to CPA Ontario at least twice in every twelve month period through the submission of experience reports.
38. A Student under the Experience Verification model shall file a report to CPA Ontario in order to obtain approval of the Student's initial employment position, and subsequently:
- 38.1 within three months of the date that :
- 38.1.1 the Student changes employers;
- 38.1.2 there is a material change in the Student's role or responsibilities;
- 38.1.3 the Student has accumulated 12 months of recognized experience (the 12-Month Assessment Report); or
- 38.1.4 the Student's self-assessment indicates they have completed the CPA Practical Experience Requirement; and
- 38.2 as directed by the Vice President of Learning.
39. In addition to the reporting required pursuant to section 37 and 38, a Student under the Experience Verification model shall submit additional reports to CPA Ontario in the following circumstances:
- 39.1 where the initial assessment by CPA Ontario identifies concerns that the position may not provide sufficient opportunity to develop the required competencies to at least Level 1 proficiency within 12 months, the Student must submit the first experience report within three months of the Practical Experience Recognition Date; and
- 39.2 where the 12-Month Assessment Report indicates that the Student has not met the required progression of their technical competencies, the Student shall work with their employer to change their role or seek new employment, and must file an experience report within three months of starting the new role.
40. A Student under the Experience Verification model may submit experience reports more frequently than required by sections 37, 38 and 39, and CPA Ontario may charge a fee for the assessment of additional reports.
41. A Student participating in a Pre-Approved Program shall submit experience reports to CPA Ontario:
- 41.1 within three months of:
- 41.1.1 commencing or discontinuing employment;

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- 41.1.2 moving from the Experience Verification model to a Pre-Approved Program;
  - 41.1.3 moving from one Pre-Approved Program to another Pre-Approved Program with the same employer;
  - 41.1.4 the date that the Student's self-assessment indicates they have completed the CPA Practical Experience Requirement; or
  - 41.2 as directed by the Vice President of Learning.
42. Late submission or failure to submit required experience reports may result in:
- 42.1 late fees; or
  - 42.2 suspension of experience accumulation.

### **Approval and Monitoring of Pre-Approved Programs**

#### **Approval**

43. An organization may apply to the Vice President of Learning:
- 43.1 for approval of a Pre-Approved Program;
  - 43.2 to increase the number of Students it is authorized to employ; or
  - 43.3 to modify a Pre-Approved Program.
44. On receipt of an application pursuant to section 43, the Vice President of Learning may request documentation, information or consents from the organization.
45. The Vice President of Learning shall approve any organization to offer a Pre-Approved Program that:
- 45.1 makes an application in the prescribed form;
  - 45.2 provides all information and produces all documents and other materials as requested by the Vice President of Learning;
  - 45.3 demonstrates to the satisfaction of the Vice President of Learning that it will:
    - 45.3.1 maintain senior-level ownership of, and commitment to, the training of Students by appointing a Pre-Approved Program Leader;
    - 45.3.2 provide a working environment that prepares Students to become CPAs, which includes having a written code of conduct and/or acknowledgement of CPA Ontario Rules of

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Professional Conduct and providing supervision, guidance, and instruction on practical ethical issues as part of the on-the-job training and progress reviews;

- 45.3.3 offer structured training position(s), with a sufficient range of progressively complex assignments, increasing responsibility, and high-quality practical experience in the required CPA technical and enabling competencies, to allow Students to develop these competencies within 30 months of paid employment;
  - 45.3.4 ensure Students document their developing competencies using the profession's on-line reporting tool;
  - 45.3.5 provide appropriate supervision and mentorship;
  - 45.3.6 provide time away from the office for Students to write any weekday examinations;
  - 45.3.7 agree to CPA Ontario performing a periodic review of the program(s); and
  - 45.3.8 maintain approval of the program.
46. The Vice President of Learning shall approve any organization to offer an External Audit Pre -Approved Program that meets the requirements of section 45 and in addition demonstrates to the satisfaction of the Vice President of Learning that it:
- 46.1 is able to provide Students with the qualifying experience required pursuant to Regulation 9-1;
  - 46.2 is able to provide diversity of assignments to ensure well-rounded training;
  - 46.3 exhibits adherence to the *CPA Practical Experience Requirements*; and
  - 46.4 exhibits adherence to the Standards of the Public Accountants Council for the Province of Ontario.
47. The Vice President of Learning shall specify the terms of any approval in writing, including the maximum number of Students to be employed in the Pre-Approved Program.

### **Obligations of Organizations Offering Pre-Approved Programs**

48. Every organization approved to offer a Pre-Approved Program shall:
- 48.1 consent to the performance of monitoring and investigative procedures by CPA Ontario in accordance with this regulation

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and comply with any such procedures;

- 48.2 maintain compliance with the requirements of subsection 45.3 and, if the organization is approved to offer an External Audit Pre-Approved Program, maintain compliance with the requirements of section 46;
- 48.3 maintain records showing chargeable hours for Students in External Audit Pre-Approved Programs;
- 49.4 obtain approval from the Vice President of Learning for any material change to the Pre-Approved Program before the change is effected; and
- 49.5 inform the Vice President of Learning of any non-material modification to a Pre-Approved Program within thirty days of the effective date of the modification.

### **Monitoring**

- 50. CPA Ontario may at any time designate any person to monitor a Pre-Approved Program. Circumstances that may result in monitoring include, but are not limited to:
  - 50.1 scheduled monitoring visit as part of the typical three-year cycle;
  - 50.2 significant change in an organization such as a merger or a significant loss of partners, Pre-Approved Program Leaders or CPA mentors involved in the Pre-Approved Programs;
  - 50.3 significant change in the number of Students employed;
  - 50.4 Student complaints received regarding the training;
  - 50.5 past Student program issues having been identified; or
  - 50.6 consistent Student failures or high Student failure rate on the Professional Education Program and/or the Common Final Examination.
- 51. When monitoring an organization pursuant to section 50, CPA Ontario may request documentation, information or consents from the organization.
- 52. The monitor shall consider whether the organization meets, or continues to meet, the requirements to offer a Pre-Approved Program and shall provide a recommendation to the Vice President of Learning.
- 53. Upon receipt of the recommendation of the monitor, the Vice President of Learning may:
  - 53.1 confirm the existing terms of approval;

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- 53.2 amend the existing terms of approval; or
- 53.3 suspend or revoke the approval.

### **Revocation**

- 54. The Vice President of Learning shall revoke the approval of an organization to offer a Pre-Approved Program upon the expiry of 90 days from the date of suspension pursuant to 53.3 and at any time if the organization fails to:
  - 54.1 continue to meet the requirements to offer a Pre-Approved Program;
  - 54.2 supply documentation or information to CPA Ontario within 30 days of a specific written request; or
  - 54.3 co-operate in any manner with the monitoring process.

### **Review**

- 55. An individual who is denied approval to serve as a Mentor or whose approval to serve as a Mentor is suspended or revoked pursuant to section 31 or 32 may request the decision of the Vice President of Learning be reviewed by the Membership Committee.
- 56. An organization which is denied approval to offer a Pre-Approved Program or whose approval to offer a Pre-Approved Program is suspended or revoked pursuant to section 53.3 or 54 may request the decision of the Vice President of Learning be reviewed by the Membership Committee.

### **Membership Committee**

- 57. On a review, the Membership Committee shall have the power to refer an application back to the Vice President of Learning for reconsideration if the Committee determines that one or more of the following circumstances exists:
  - 57.1 the Vice President of Learning failed to follow appropriate procedures in arriving at his decision; or
  - 57.2 the Vice President of Learning did not give due consideration to all of the evidence available in arriving at his decision.
- 58. The decision of the Membership Committee on a review is final.

**CHARTERED PROFESSIONAL  
ACCOUNTANTS OF ONTARIO**

**REGULATION 9-1  
PUBLIC ACCOUNTING LICENSING**

**Adopted by the Council pursuant to the *Chartered Accountants Act, 2010*, and the  
Bylaws on June 16, 2011, as amended to November 27, 2014**

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**NOTE: The Public Accountants Council has not yet completed its assessment of the CPA Certification Program and its suitability for licensure. Students registering under Regulation 6-1 are warned that, until such time as the CPA Certification Program is approved, they are not eligible to obtain a public accounting licence.**



**PUBLIC ACCOUNTING LICENSING**

Adopted by the Council pursuant to the *Chartered Accountants Act, 2010*, and the Bylaws on June 16, 2011, as amended to November 27, 2014.

**Definitions**

1. In this regulation, words have the same meaning as they do in the Act and bylaws and:
  - 1.1 “chargeable hours” are hours normally chargeable to clients of a public accounting practice, provided that work of a routine clerical nature shall not be included in the computation of chargeable hours;
  - 1.2 “Continuing Professional Development Requirement” means that the Member fulfilled a minimum of 20 hours annually, and 120 hours in the last three year period, of mandatory continuing professional development in activities directly related to the competencies needed to provide public accounting services. Fifty percent of the annual and triennial hours must be verifiable;
  - 1.3 “CPAB” means the Canadian Public Accountability Board;
  - 1.4 “Current Competency Requirement” means that the Member successfully completed, not more than 36 months prior to the date of application, a period of at least 12 months of public accounting services under the supervision of a licensee who will provide CPA Ontario with a certificate of such completion, and successfully completed the Public Accounting Licensing Examination;
  - 1.5 “designated services” are services that require competencies that are complementary to those required to provide public accounting services, namely:
    - 1.5.1 taxation services related to assessing the appropriateness of taxation provisions and related financial reporting;
    - 1.5.2 performance measurement relating to the evaluation, development and interpretation of an entity’s financial and nonfinancial information that measures and enhances an entity’s organizational performance;
    - 1.5.3 forensic accounting;
    - 1.5.4 research on the interpretation or application of the accounting and assurance standards set out in the *CPA Canada Handbook – Accounting* and *CPA Canada Handbook – Assurance* or on professional standards;
    - 1.5.5 financial reporting involving the review of accounting principles and financial statement disclosure and the appropriateness of internal controls for the purpose of presenting fairly the financial statements of an entity;
    - 1.5.6 corporate finance services related to assisting a client in obtaining financing by explaining the financial statements to a financial institution, and assisting a client in analyzing the accounting effects of certain transactions;

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1.5.7 research conducted for, or advice given to, assurance clients on matters related to assurance engagements;

1.5.8 training of other accountants or staff of the practice or firm in respect of the performance of assurance services where such training is an ongoing responsibility of the Member.

1.6. “disciplinary proceeding” includes any complaint, investigation, proceeding, finding, order or settlement in any jurisdiction relating to the competence, conduct or character of the Member or firm, and includes criminal proceedings.

*New – September 28, 2012*

1.7. “documented hours” are hours acquired in a public accounting practice through the provision of public accounting services described in clauses 1.10.1, 1.10.2 or 1.10.4 and which have not been charged to clients;

*New – September 28, 2012*

1.8 “eligible hours” are:

1.8.1 chargeable hours and, for the purposes of section 3 only, documented hours, acquired as a result of participating in a recognized capacity in providing public accounting services; and

1.8.2 other hours acquired in designated services;

*Amended September 28, 2012*

1.9 “immediate past five years” means the five years preceding the date the application for issuance or renewal of a public accounting licence was received by CPA Ontario and may be calculated on a calendar year basis;

*Amended February 22, 2013*

1.10 “participated in a recognized capacity in providing public accounting services” means one or more of the following:

1.10.1 each member of a firm or practising office who directly participates in a public accounting engagement, including any related subsidiary engagement, as a member of the engagement team;

1.10.2 each member of a firm or practising office who can directly influence the outcome of a public accounting engagement, such as members who provide:

1.10.2.1 consultation regarding professional standards;

1.10.2.2 consultation or opinions regarding taxation provisions or other technical or industry-specific issues, transactions or events;

1.10.2.3 quality control reviews;

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- 1.10.3 a practice inspector appointed by CPA Ontario or by CPAB to conduct practice inspections of licensees, firms and practising offices; and
- 1.10.4 for the purposes of licence renewal only, each member of a firm or practising office who has responsibility for the entire public accounting engagement, who has direct supervision, management or oversight of the leadership of the engagement teams(s) or completes a second partner review;
- 1.11 “Practice Inspection Requirement” is fulfilled if the Member, within the immediate past five years:
- 1.11.1 participated in a recognized capacity in public accounting services in a practising office that has been the subject of a practice inspection resulting in a determination that the practice’s quality control system, current engagement files, and related financial statements adhere to professional standards contained within the *CPA Canada Handbook* and other professional standards established by CPA Ontario;
- 1.11.2 participated in a recognized capacity in public accounting services in a practising office located outside of Canada that has been the subject of a practice inspection satisfactory to the Institute by the applicable regulatory authority resulting in a determination that the practice’s quality control system, current engagement files, and related financial statements adhere to internationally recognized standards which the Institute recognizes as substantially equivalent to the professional standards contained in the *CPA Canada Handbook* and other standards established by CPA Ontario;
- 1.11.3 is an employee, partner or sole proprietor of a newly established or soon-to-be established practising office or of an established practising office that has not been the subject of a practice inspection; in which case the Member shall be eligible to be granted a licence if he or she has satisfied the Public Accounting Licensing Board that he or she has successfully completed all of the other requirements and shall hold such licence, if granted, on the condition that the firm or practising office is the subject of a practice inspection not later than 12 months following the date of issuance of the licence and the inspection results in a determination that the practice’s quality control system, current engagement files, and related financial statements adhere to professional standards contained within the *CPA Canada Handbook* and other professional standards established by CPA Ontario; or
- 1.11.4 is a practice inspector appointed by CPA Ontario or by CPAB to conduct practice inspections of licensees, firms and practising offices;
- 1.12 “practising office” includes the national or head office in Canada of a public accounting firm that has been accepted by the CPAB as a participating

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audit firm in its oversight program, whether or not the office has been the subject of a practice inspection;

*Amended September 28, 2012*

1.13 “Professional Experience Requirement” means that a Member participated in a recognized capacity in public accounting services and, within the immediate past five years, obtained a minimum of 2,500 hours consisting of:

1.13.1 a minimum of 1,250 eligible hours in public accounting services, excluding any hours for which a public accounting licence was required but not held; and

1.13.2 up to 1,250 eligible hours in designated services;

*Amended September 28, 2012*

1.13.(A) “Provincial Accounting Body” means any provincial or territorial organization or ordre for the regulation of Chartered Accountants, Certified General Accountants, Certified Management Accountants or Chartered Professional Accountants or any other provincial or territorial board, regulator or other body that licenses or certifies members of these bodies to practise public accounting.

*New November 27, 2014*

1.14 “Public Accounting Licensing Examination” means the examination established by CPA Ontario on the accounting and assurance standards set out in the *CPA Canada Handbook – Accounting* and *CPA Canada Handbook – Assurance*, the Rules of Professional Conduct, taxation and business law;

1.15 “public accounting services” are the services described in ss. 2 and 3 of the *Public Accounting Act, 2004*;

1.16 “Qualifying Experience Requirement” means the successful completion of a minimum of two years of prescribed public accounting experience in a training office, which experience shall be completed under the supervision of a Member who is licensed to practice public accounting and shall include at least:

*Amended November 27, 2014*

1.16.1 1,250 chargeable hours in assurance services, of which at least 625 chargeable hours shall be in audit engagements and 100 chargeable hours of review procedures in review and other assurance engagements; and

1.16.2 100 chargeable hours in taxation services;

*Amended June 18, 2014*

1.17 “sole shareholder professional corporation” means a professional corporation, as defined in section 3.1 of the *Ontario Business Corporations Act*, which has only one Member shareholder.

**New Licence**

2. A Member who has never held a public accounting licence or whose licence has lapsed or expired is eligible to be issued a public accounting licence, pursuant to bylaw 9.3, if the Member has provided all the information, documents and materials requested by the Registrar or required to prove compliance with this section within 30 days of such request or the application upon:
  - 2.1 making an application in Form 9-1A for a licence and paying the prescribed fee;
  - 2.2 unless applying under subsection 2.8, satisfying the Public Accounting Licensing Board of good character and of admission to CPA Ontario as an Associate;  
*Amended November 29, 2012*
  - 2.3 unless applying under subsection 2.8, completing the Continuing Professional Development Requirement;
  - 2.4 unless applying under subsection 2.8, completing the Practice Inspection Requirement; and
  - 2.5 unless applying under subsection 2.8, completing either the Professional Experience Requirement or the Current Competency Requirement.
  - 2.6 if the Member became a Member of CPA Ontario after October 31, 2006 and became a Member through registration as a Student pursuant to Regulation 6-4 or its predecessor:
    - 2.6.1 and the registration as a Student was in the Accounting Body Outside Canada – Specified category:
      - 2.6.1.1 having successfully completed the requirements of the Core Knowledge Examination and the School of Accountancy; and
      - 2.6.1.2 having completed a period of not less than two years providing public accounting services;
    - 2.6.2 in all other cases, completing, or having completed while a Student, the Qualifying Experience Requirement;
  - 2.7 if the Member became a Member of CPA Ontario pursuant to Regulation 6-2 or its predecessor, and unless otherwise prohibited by Regulation 6-2, successfully completing, or having successfully completed prior to admission, the CA Reciprocity Examination, Parts I and II;
  - 2.8 if the Member is, or was at the time of admission to membership in CPA Ontario, a member of a Provincial Accounting Body, and has never held a licence issued under this section but has practised public accounting in the jurisdiction of the Provincial Accounting Body within the immediate past five years, providing proof satisfactory to the Public Accounting Licensing Board

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## REGULATIONS

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of:

- 2.8.1 membership in good standing in that Provincial Accounting Body at the time of admission to membership in CPA Ontario;
- 2.8.2 licensing, certification, or authorization to practise public accounting in good standing without limitation or restriction in that jurisdiction;
- 2.8.3 currently not being the subject of any disciplinary proceeding and
- 2.8.4 either having practised public accounting in the past five years or having completed the Current Competency Requirement.

*Amended November 27, 2014*

2.9 if the Member became a Member of CPA Ontario as a result of membership in CGA Ontario or CMA Ontario, unless otherwise specified in the PAC Standards, providing proof satisfactory to the Public Accounting Licensing Board of the following requirements as defined in Regulation 6-4:

- 2.9.1 the conferral of a university degree;
- 2.9.2 completion of the credit hour requirement.

*New November 27, 2014*

### **Licence Renewal**

3. A Member who holds a public accounting licence is eligible to renew that licence, pursuant to bylaw 9.4, upon:
- 3.1 making an application or re-application in Form 9-1B for a licence renewal and paying the prescribed fee;
  - 3.2 completing the Continuing Professional Development Requirement;
  - 3.3 completing the Practice Inspection Requirement; and
  - 3.4 completing the Professional Experience Requirement or, if the licence was issued pursuant to subsection 2.8 completing the Professional Experience Requirement by the fifth anniversary of the date of original issuance of that licence.

*Amended November 27, 2014*

4. Notwithstanding section 3:

- 4.1 a Member shall not be eligible to renew a licence if:
  - 4.1.1. the Member fails to apply to renew the licence and to provide all information, documents and materials required to prove compliance with section 3 by not later than 30 days prior to the date of the expiry of the licence to be renewed;

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## REGULATIONS

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- 4.1.2 the rights and privileges of the Member are suspended;
  - 4.1.3 the public accounting licence is suspended or has been revoked; or
  - 4.1.4 the Member held a licence issued by another authorized designated body under the *Public Accounting Act, 2004*, or a licence, certification or authorization issued by a Provincial Accounting Body to practise public accounting and such licence, certificate or authorization was suspended or revoked and has not been reinstated;
- 4.2 the licence of a Member shall not expire on the date of expiry if the Member met the requirements of subsection 4.1 and the Public Accounting Licensing Board has not, by the date of expiry of the licence, made a decision on renewal of the licence; and the licence shall continue in effect until such time as the Board makes a decision on renewal of the licence.

*New November 27, 2014*

### **Tracking and Reporting of Eligible Hours**

- 4A. A Member shall:
- 4A1. track on an annual basis, and keep detailed records of eligible hours that contribute to the Professional Experience Requirement that must be fulfilled for renewal of a licence;
  - 4A2. provide such records to CPA Ontario when:
    - 4A2.1 reporting on the application for renewal of a licence any deficiency in the eligible hours required to fulfil the Professional Experience Requirement; or
    - 4A2.2 when requested by a practice inspector, the Director of Practice Inspection, or the Registrar.
- 4B. A member who charges or bills clients for services on a value billing or fixed amount basis is required to track and report as eligible hours the actual hours that the Member spent on the engagement(s) when such hours were not chargeable hours.

*New November 27, 2014*

### **Discretion of the Public Accounting Licensing Board**

5. Except as provided in sections 6 and 7, the Public Accounting Licensing Board shall not issue or renew a public accounting licence unless the Member meets the requirements of sections 2 through 4.

*Amended December 1, 2011*

6. In exceptional circumstances, and only if it is satisfied the exceptional circumstances of the Member will not continue beyond a period of two years from the date of the application for a licence or renewal, the Public Accounting Licensing Board may issue or renew a public accounting licence to a Member who:

## REGULATIONS

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- 6.1 has met all the relevant requirements of this regulation with the exception of the Professional Experience Requirement; and
- 6.2 has demonstrated the required capabilities, competence and current skills to provide public accounting services.

*Amended December 1, 2011*

- 7. Notwithstanding section 6, the Public Accounting Licensing Board may renew a public accounting licence to a Member who:
  - 7.1 has met all the relevant requirements of this regulation with the exception of the Professional Experience Requirement;
  - 7.2 has demonstrated the required capabilities, competence and current skills to provide public accounting services; and
  - 7.3 has a practice comprised substantially of one or more of the following:
    - 7.3.1 responsibility for the entire public accounting engagement of a firm or practising office;
    - 7.3.2 completion of second partner reviews; and
    - 7.3.3 responsibility for the direct supervision, management or oversight of the leadership of the engagement team(s) that are significantly more than strictly administrative in nature and include such functions as reviewing assurance files of major clients or high-risk clients, interpretation or application of either or both of Generally Accepted Accounting Principles and Generally Accepted Assurance Standards or on professional standards, or advice given to assurance clients on matters related to assurance engagements.

*Amended December 1, 2011*

- 8. The Public Accounting Licensing Board shall document in writing its reasons for issuing or renewing any licence pursuant to section 6 or 7, and shall report as required to the Public Accountants Council for the Province of Ontario.

*Amended December 1, 2011*

### **Certificates of Authorization**

- 9. A professional corporation is eligible to be issued a certificate of authorization, pursuant to bylaw 9.6 and Regulation 4-6, if the corporation:
  - 9.1 is registered in good standing with CPA Ontario in accordance with bylaw 4.16;
  - 9.2 makes an application for a certificate in Form 9-1C and pays the prescribed fee;
  - 9.3 files a copy of the articles of incorporation and any articles of amendments; and



## REGULATIONS

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- 9.4 provides proof satisfactory to the Registrar that the corporation:
- 9.4.1 meets all of the requirements of a professional corporation under section 3.1 of the Ontario *Business Corporations Act*, the *Chartered Accountants Act, 2010* and any regulations made under those Acts; and
  - 9.4.2 maintains professional liability insurance coverage in accordance with requirements of Regulation 4-4.

*Amended September 28, 2012*

10. A professional corporation is eligible to renew a certificate of authorization, pursuant to bylaw 9.6 and Regulation 4.6, if the corporation:
- 10.1 prior to the date upon which the certificate expires, makes an application in Form 9-1D for a certificate renewal and pays the prescribed fee; and
  - 10.2 satisfies CPA Ontario that the corporation continues to meet all the requirements for issuance of a certificate set out in section 9.

*Amended September 28, 2012*

11. A certificate of authorization that has expired cannot be renewed; however, a professional corporation may apply for a new certificate of authorization pursuant to section 9.

### **Form of Licence and Certificate**

12. Every public accounting licence or certificate of authorization issued or renewed by CPA Ontario shall:
- 12.1 be numbered;
  - 12.2 bear the date upon which it is issued or renewed;
  - 12.3 bear the date on which it expires; and
  - 12.4 be effective from the date upon which it is issued or renewed until the date it expires, unless earlier suspended or revoked.

### **Notification**

13. The Registrar shall notify any authorized designated body from which a Member or professional corporation holds a public accounting licence or certificate of authorization upon the Member or professional corporation applying for a licence or certificate under this regulation, and shall disclose to the authorized designated body the date of issuance of any such licence or certificate.

*Amended September 28, 2012*

**Disclosure of Status**

14. On any statement or report that is in respect of an assurance engagement, or a compilation engagement for which it can reasonably be expected that all or any portion of the compilation or associated materials prepared by the Member providing the service will be relied upon or used by a third party, when the report for the engagement is issued or the work for the engagement is primarily performed in Ontario:
- 14.1 A Member who is licensed as a public accountant, if signing under or with the Member's own name, shall use the term "Licensed Public Accountant" or the initials "LPA", following the licensee's legal name and, the licensee's applicable designation(s) in accordance with the provisions of Regulation 4-7;  
*Amended November 27, 2014*
- 14.2 A professional corporation that holds a certificate of authorization to practise public accounting shall use the term "Authorized to practise public accounting by the Chartered Professional Accountants of Ontario"; and
- 14.3 A firm, other than a professional corporation, shall use the term "Licensed Public Accountants" or the initials "LPA", following the designation "Chartered Accountants" or "Chartered Professional Accountants", when it is the firm's name that is used to sign the statement, opinion or report.  
*Amended November 27, 2014*
15. Only the lead engagement person responsible for signing a statement or report for a public accounting engagement must hold a public accounting licence. Other members of the engagement team, including the engagement quality control reviewer or other experts may be, but are not required to be, licensed.

**Suspension, Revocation or Refusal of Public Accounting Licence**

16. A public accounting licence shall be immediately suspended upon the rights and privileges of the Member being suspended for any reason. The licence will be reinstated upon the rights and privileges of the Member in CPA Ontario being reinstated, unless the licence has expired or been otherwise suspended or revoked.
17. A public accounting licence shall be immediately revoked upon the revocation of membership of a Member.
18. The Public Accounting Licensing Board may suspend the public accounting licence of a Member and may refuse to issue or renew a public accounting licence to a Member if it has reasonable grounds to believe the Member:
- 18.1 has breached any obligation or requirement under any regulation or bylaw, particularly but not limited to, Regulation 4-4 Professional Liability Insurance, Regulation 4-5 Continuing Professional Development,

## REGULATIONS

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Regulation 4-6 Practice Structure, and Regulation 10-1 Practice Inspection;

18.2 has provided false or misleading information to the Public Accounting Licensing Board;

18.3 is the subject of a custodianship order;

18.4 is the subject of a capacity order.

*New – September 28, 2012*

19. The Public Accounting Licensing Board may refuse to issue or renew a public accounting licence to a Member, or impose terms conditions or restrictions on the licence granted to a Member where such action is considered necessary to protect the public interest as a result of complaints or disciplinary or criminal proceedings in any other jurisdiction relating to the competency, conduct or character of the Member.

*New – September 28, 2012*

### **Suspension, Revocation or Refusal of Certificate of Authorization**

20. The certificate of authorization issued to a sole shareholder professional corporation shall be suspended immediately upon:

20.1 the membership of the shareholder being suspended for any reason; or

20.2 the public accounting licence of the shareholder being suspended for any reason,

*Amended February 22, 2013*

and shall be reinstated upon the reason for the suspension ceasing to exist, unless the certificate has expired or been otherwise suspended or revoked.

21. A professional corporation shall return its certificate of authorization to CPA Ontario forthwith upon notification of suspension and is not entitled to apply for the issuance or renewal of the certificate during the period of suspension.

22. A certificate of authorization issued to a sole shareholder professional corporation shall be revoked upon the shareholder's membership being revoked or upon the public accounting licence of the shareholder expiring or being revoked.

*Amended February 22, 2013*

23. Upon being advised by another authorized designated body that a professional corporation that has been granted a certificate of authorization by CPA Ontario has been issued a certificate of authorization by that authorized designated body, the Registrar shall revoke the certificate of authorization of the professional corporation as of the date of the issuance of the certificate of authorization by the other authorized designated body.

*New – September 28, 2012*

**Public Accounting Licensing Board**

***Structure of the Board***

24. The Public Accounting Licensing Board (the "Board") shall consist of between five (5) and twelve (12) members, including no less than two public representatives. The members of the board shall generally be representative of the membership by occupation, geographic location and legacy designation.

*Amended November 27, 2014*

25. The members of the Board shall be appointed for an initial one year term. Members are eligible for reappointment for three additional three year terms and, thereafter, on an annual basis.
26. The quorum for the Board shall be three members, one of whom shall be a public representative.
27. Members of the Board may continue to serve on the Board until a successor is appointed.

***Meetings of the Board***

28. The Board shall meet monthly, on a date fixed by the chair.
29. Unless ordered otherwise by the chair, the meetings of the Board may be held by telephone conference.

***Responsibilities of the Board***

30. The Board shall be responsible for matters relating to public accounting licences, certificates of authorization and the practice of public accounting, including but not limited to, overseeing CPA Ontario's licensing standards, responsibilities, functions and processes.

***Powers of the Board***

31. The Board shall have the power to:
- 31.1 decide applications from Members for public accounting licences;
  - 31.2 decide applications from professional corporations for certificates of authorization;
  - 31.3 decide applications and re-applications for renewal of public accounting licences and certificates of authorization;
  - 31.4 defer a decision and refer matters or applications to the Registrar or a Committee; and
  - 31.5 receive, for the record, notices of revocation of public accounting licences and certificates of authorization.

*Amended February 24, 2012*

***Deferral and Denial***

32. The Board may defer consideration of and shall not issue a public accounting licence to a Member:
- 32.1 while the conduct of the Member is the subject of an investigation by the Professional Conduct Committee, unless that Committee advises that the nature or circumstances of the investigation would not put at risk or would not appear to put at risk any member of the public, the reputation of the profession or the ability of the profession to serve the public interest;
  - 32.2 if the Professional Conduct Committee refers any matter regarding the conduct of a Member to the Discipline Committee and, in the opinion of the Board, the nature of or circumstances surrounding the complaint or settlement would put at risk or appear to put at risk any member of the public, the reputation of the profession or the ability of the profession to serve the public interest if the Member were to be granted a public accounting licence;
  - 32.3 who held a public accounting licence previously and such licence was revoked by order of the Discipline or Appeal Committees, unless the relevant committee advises the Board that the Member has successfully met PAC Standard 15(2);
  - 32.4 who is the subject of a settlement agreement or an order of the Discipline or Appeal Committees and the Member has not fully complied with the agreement or order; or
  - 32.5 who is the subject of an ongoing investigation or order of the Capacity Committee.

*Amended February 24, 2012*

33. The Board shall not issue or renew a public accounting licence of a Member whom the Board has reason to believe will not practice public accounting or will not perform public accounting services in accordance with the *Public Accounting Act, 2004* or the bylaws, regulations or Rules of Professional Conduct.

***Request for Review***

34. A Member or professional corporation may request a decision of the Board under section 32 be reviewed by the Membership Committee.

***Reconsideration***

35. The Board shall reconsider all matters referred back to it by the Membership Committee, taking into account the following:
- 35.1 all information available to the Board at the time of the original consideration;
  - 35.2 any further information available at the time of the reconsideration; and
  - 35.3 any directions or guidance given by the Membership Committee.

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- 36. The Board has the power to confirm, vary or reverse its original decision.
- 37. The decision of the Board on reconsideration is final.

### ***Power to Refer***

- 38. Upon the Board becoming aware of any act, omission, or matter that the Registrar or a Committee is empowered to consider, investigate or enquire into, the Board shall:
  - 38.1 bring such act, omission, or matter to the attention of the relevant body; and
  - 38.2 provide any information or documentation that the Board has received or obtained, and any minutes or other documents of the Board.

### ***Powers on Report from Practice Inspection***

- 39. On receipt of a report made by the Practice Inspection Committee or its delegate pursuant to Regulation 10-1, the Board may inquire, or direct the Registrar to inquire, into any issue raised in that report and whether the requirements of this Regulation have been met.
- 40. The Board shall provide to the Member or professional corporation notice of the enquiry, a brief description of the issue that arose from the practice inspection, a description of the result of any inquiries made by Registrar or Board and invite written submissions from the Member or the professional corporation.
- 41. The Member or professional corporation shall file written submissions, if any, with the Board within 15 days of receiving notice of the enquiry.
- 42. If the Board remains unsatisfied after the enquiry and the submission, the Board has the power to:
  - 42.1 suspend the licence or the certificate of authorization until such time as any identified deficiency, error or other matter that led to the suspension is rectified;
  - 42.2 make a complaint to the Professional Conduct Committee regarding the conduct of the Member, firm, or professional corporation including, but not limited to:
    - 42.2.1 misrepresentations or fraudulent statements made on an issuance or renewal application for a public accounting licence or certificate of authorization;
    - 42.2.2 misrepresentations or fraudulent statements made to the Board, the Membership Committee, CPA Ontario or any members, directors, officers, and employees thereof; or
    - 42.2.3 engaging in the practice of public accounting without a valid licence or certificate of authorization.

**Membership Committee**

***Structure of the Committee***

43. The Membership Committee shall consist of fifteen to thirty (15 to 30) members, including a Chair, two (2) Deputy Chairs, and three to four (3 to 4) public representatives. The members of the Committee shall generally be representative of CPA Ontario's membership by occupation, geographic location and legacy designation, and shall include public accounting licensees.

*Amended November 27, 2014*

***Term of Office***

44. Members of the Membership Committee shall be appointed for an initial one year term. Members are eligible for reappointment for three additional three year terms and, thereafter, on an annual basis.
45. The Chair and Deputy Chairs of the Committee shall be appointed for a term of two years. They are each eligible for reappointment, thereafter, on an annual basis.
46. Any member, whose term of office would otherwise expire, shall remain a member of the Committee until such time as all hearings over which he or she is presiding and matters ancillary to such hearings have been concluded.

***Quorum***

47. The quorum for the Membership Committee shall be three members and, for matters considered under this regulation, shall include and a public representative.

***Licensing Jurisdiction***

48. The Membership Committee shall consider in respect of public accounting licensing matters:
- 48.1 any application for a licence from a Member where the good character of the Member must be determined by means of a hearing;
- 48.2 any application for a licence from a Member in respect of whom the Board has directed that a hearing be held to determine whether the Member has fulfilled the qualifications to be licensed as set out in the *Public Accounting Act, 2004*, the regulations and PAC Standards made under that Act and in the bylaws or regulations;
- 48.3 any application for a public accounting licence from a Member who is licensed to practice public accounting in a jurisdiction outside Ontario; and
- 48.4 any other matter related to public accounting licensing that is referred to it by the Council or by the Board.

***Review Jurisdiction***

49. The Membership Committee shall have the power to consider requests for review of decisions of the Board made pursuant to section 35.

*Amended June 26, 2013 – Housekeeping change*

50. On a review, the Membership Committee shall have the power to refer an application back to the Board for reconsideration if the Committee determines that one or more of the following circumstances exists:
- 50.1 the Board failed to follow appropriate procedures in arriving at its decision;
  - 50.2 there is reason to suspect a lack of independence on the part of any member of the Board who participated in the decision; or
  - 50.3 the Board did not give due consideration to all of the evidence available in arriving at its decision.
51. The decision of the Membership Committee on a review is final.

***Appeal Jurisdiction***

52. A Member or professional corporation may appeal a decision of the Membership Committee made pursuant to section 49.
53. No member of the Membership Committee who participated in the deliberations or decision in a matter shall participate in the appeal of that matter.
54. A decision of the Membership Committee on an appeal is final.

***Procedure before the Membership Committee***

55. All proceedings before the Membership Committee shall be conducted in accordance with the Rules of Practice and Procedure with necessary modifications thereto.
56. All proceedings before the Membership Committee shall be in writing unless ordered otherwise.
57. The parties to a proceeding before the Membership Committee shall be the applicant and CPA Ontario.



**CHARTERED PROFESSIONAL  
ACCOUNTANTS OF ONTARIO**

**REGULATION 10-1  
PRACTICE INSPECTION**

**Adopted by the Council pursuant to the *Chartered Accountants Act, 2010*, and the  
Bylaws on June 16, 2011, as amended November 27, 2014.**

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**Note: All sections material shaded in grey to be deleted effective May 1, 2015**

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**REGULATION 10-1  
PRACTICE INSPECTION**

**Adopted by the Council pursuant to the *Chartered Accountants Act, 2010*, and the Bylaws on June 16, 2011, as amended November 27, 2014.**

**Definitions**

1. In this regulation, words have the same meaning as they do in the Act and bylaws and:
  - 1.1 “Compilation Practice” means a practice that includes solely compilation engagements;
  - 1.2 “CPAB” means the Canadian Public Accountability Board;
    - 1.2.1 “External Audit Practising Unit” means a Practising Unit which meets the requirements of Regulation 9-1 and provides Students with the necessary experience to be eligible to apply for a licence to practice public accounting upon admission to membership in CPA Ontario;  
*New November 27, 2014*
  - 1.3 “full-time practice inspector” means a Chartered Professional Accountant in good standing, formerly in public practice, employed on a full-time basis by CPA Ontario to perform practice inspections;
  - 1.4 “Limited Assurance Practice” means a practice that includes less than 20 assurance engagements or other practices as determined by the Director of Practice Inspection;
  - 1.5 “Non-Reportable Matters” means matters which are insignificant departures from professional standards not included in the Reportable Deficiencies, reminders of forthcoming but not yet implemented changes to professional standards, common practices in a particular industry (including those followed by other practitioners) or personal preferences of the inspector;
  - 1.6 “part-time practice inspector” means a Member who is a Chartered Professional Accountant in good standing contracted by CPA Ontario to carry out inspections;
  - 1.7 “Practice Inspection Year” shall commence on May 1 of any calendar year and end on April 30 of the following calendar year;
  - 1.8 “Practising Unit” means a Member and any Member employed by the Member, or a firm of Members and any Member employed by such firm who is engaged in the practice of public accounting or providing accounting services to the public in a particular office;
  - 1.9 “Professional Standards” means the professional standards set out in the CPA Canada Handbook and the CPA Ontario Member’s Handbook;
  - 1.10 “Reportable Deficiencies” means matters which are departures from professional standards and are further categorized as either “significant”

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(important to the quality of the work performed to support the report or important to the usefulness of the financial statements) or “other” (not classified as significant).

*Amended February 24, 2012*

### **Entities Subject to Practice Inspection**

2. All Members and firms engaged in the practice of public accounting or in providing accounting services to the public shall be subject to practice inspection.
3. A Member may apply for an exemption from practice inspection by filing an Exemption Form (Form 10-A) with the Director of Practice Inspection certifying that:
  - 3.1 the Member has not engaged in the practice of public accounting or provided accounting services to the public during the preceding 12 months; or
  - 3.2 the Member is or will be discontinuing engaging in the practice of public accounting and providing accounting services to public within three months from the date of a notice of inspection.

*Amended February 24, 2012*

### **Selection for Inspection**

4. A newly opened office, in which at least one Member is engaging in the practice of public accounting or providing accounting services to the public, shall be selected for inspection after completing its first year of operation.
5. An established office, in which at least one Member is engaging in the practice of public accounting or providing accounting services to the public, shall be selected for inspection within three years of the date of its last inspection.
6. All Members who engage in the practice of public accounting or provide accounting services to the public in a single office are:
  - 6.1 inspected during the inspection of the office; and
  - 6.2 considered to be a Practising Unit for the purposes of the inspection.
7. Notwithstanding anything else in this regulation, the Practice Inspection Committee may determine in its sole discretion that more frequent inspections or re-inspections are required of a Member, office or Practising Unit.

Circumstances that may result in an increase in practice inspections or in re-inspection include, but are not limited to:

- 7.1 a conclusion by the practice inspection committee that the Practising Unit had not met the requirements of the practice inspection program during the Practising Unit's most recent practice inspection;
- 7.2 a significant change in the client and/or partnership profile of an office or

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firm;

- 7.3 participation of an office in CPAB;
- 7.4 a request from the Director of Practical Experience in relation to an organization offering or seeking approval to offer a Pre-Approved Program or which otherwise employs Students;  
*Amended November 27, 2014*

Any determination made pursuant to this section shall be final.

- 8. If a Member is the subject of an investigation by the Professional Conduct Committee or has been charged with professional misconduct, the Director of Practice Inspection or delegate may, in his sole discretion, postpone the inspection of the Member until after the conclusion of the matter.

*Amended February 24, 2012*

- 9. Notwithstanding sections 4 through 7, an inspection may be deferred if, in the sole discretion of the Director of Practice Inspection or delegate, circumstances require it.

*Amended February 24, 2012*

### **Arrangement of Inspections**

- 10. The Director of Practice Inspection shall send a notification of selection to a Practising Unit indicating that the unit will be inspected.
- 11. The Practising Unit shall complete and file a Planning Questionnaire (Form 10-B) with the Director of Practice Inspection within 31 days of the notification of selection.
- 12. The Director of Practice Inspection or delegate shall consider the information contained in the filed Planning Questionnaire and assign one or more full-time or part-time practice inspectors to conduct the inspection.
- 13. An inspector shall:
  - 13.1 be provided with, and produce on request, written confirmation of the appointment;
  - 13.2 have all the powers of an inspector under the Act;
  - 13.3 have the authority to require any person subject to the authority of CPA Ontario to provide information in writing, produce documents and attend in person, upon reasonable notice, with the inspector to answer questions and produce documents;  
*Amended November 27, 2014*
  - 13.4 report as directed by the Practice Inspection Committee at the conclusion of the inspection.

*Amended February 24, 2012*

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14. The Director of Practice Inspection shall give notice in writing of the name of the assigned inspector and the commencement date of an office visit inspection. The notice shall be given to the Practising Unit at least 30 days prior to the commencement date or such shorter period as may be mutually agreed by the Practising Unit and the Director of Practice Inspection, and shall include a reminder of the professional responsibility to cooperate and of the possibility that some client documents might be subject to legal privilege, and shall further caution the Practising Unit that the failure to produce a document that is not privileged might constitute a breach of professional responsibilities.
15. Within 10 days of receipt of the notice pursuant to section 14, a Practising Unit may file an objection in writing to the named inspector on the grounds that the inspector may be lacking objectivity or for any other valid reason.
16. The Director of Practice Inspection shall consider any written objection and may assign another inspector if satisfied that there is a reasonable basis for the objection. A decision made pursuant to this section is final.

### **Inspection Process**

17. On the commencement date of the inspection, the inspector shall attend at the office of the Practising Unit, or other location as deemed appropriate by the Director of Practice Inspection, to assess adherence to professional standards. The inspector shall inspect the Practising Unit including, but not limited to, reviewing:
  - 17.1 documentation and implementation of the quality control system of the office;
  - 17.2 current engagement files; and
  - 17.3 related financial statements.

*Amended February 24, 2012*

18. The inspector shall, in his or her sole discretion, determine the number and type of current engagement files to be reviewed, having regard to:
  - 18.1 the degree of reliance, if any, to be placed on quality controls;
  - 18.2 the size of the Practising Unit; and
  - 18.3 the harmonized inspection program policies established for all provincial bodies.
19. The number and specific engagement files subject to inspection shall be selected solely by the inspector and not by the Practising Unit.
20. The inspector shall monitor compliance with public accounting licensing requirements set out in Regulation 9-1, and:
  - 20.1 on request, a Member shall complete the Public Accounting Experience Form (Form 10C) and provide the form to the inspector.

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- 20.2 If an inspected Member or firm does not appear to be in compliance with Regulation 9-1, the Director of Practice Inspection shall report the matter to the Public Accounting Licensing Board.
21. The inspector shall consider whether an External Audit Practising Unit meets, or continues to meet, the standards and requirements for the employment and training of Students. In so doing, the inspector shall consider the harmonized inspection program policies established for all provincial bodies.  
*Amended November 27, 2014*
22. If an inspection pertains to a Compilation Practice or a Limited Assurance Practice, the Director of Practice Inspection may decide the inspection is to be conducted through the submission of documentation by the Practising Unit to the inspector, and the Director of Practice Inspection shall notify the Practising Unit in writing of that decision and shall provide:
- 22.1 the name of the inspector, when assigned;
- 22.2 a list of the engagement files selected for inspection from those listed on the Practising Unit's Planning Questionnaire; and
- 22.3 a list of other documentation or information required to be submitted for review within a 21 day period.

### **Inspection Report**

23. At the conclusion of the inspection, the inspector shall prepare a draft report, including setting out any Reportable Deficiencies. The draft report may also include Non-Reportable Matters.
24. The inspector shall discuss the Reportable Deficiencies, if any, in the draft report with a representative of the Practising Unit, if a representative is readily available at the conclusion of the inspection. The inspector may, in his or her sole discretion, subsequently revise the draft report in light of any discussions with the Practising Unit's representative.
25. The Director of Practice Inspection or delegate will provide the draft report to the Practising Unit and invite it to make comments within 21 days. Where Reportable Deficiencies have been identified, the Director of Practice Inspection or delegate may ask the Practising Unit to provide written comments on any actions the Practising Unit plans to take to address each deficiency. If the Practising Unit disagrees with a Reportable Deficiency listed in the report, the Practising Unit may provide an explanation and file documentation to support its position.
26. Prior to consideration by the Practice Inspection Committee, the Director of Practice Inspection or delegate (a "detailed reviewer") shall assess the inspection file and the draft report, to ensure consistency within the inspection program. This assessment will also include a consideration of any comments and file documentation received from the Practising Unit.

*Amended February 24, 2012*

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27. The detailed reviewer shall amend the draft report as appropriate, taking into consideration any matters arising from sections 25 and 26, concluding with recommendations as to a course of action and student training approval in the case of an External Audit Practising Unit, and shall submit a final report to the Practice Inspection Committee for review.

*Amended November 27, 2014*

### **Consideration and Determination**

28. The Practice Inspection Committee shall consider the materials pertaining to the inspection, and, in the case of a re-inspection, the materials pertaining to that inspection, and shall do one or more of the following:

- 28.1 deem the inspection complete;
- 28.2 require the Practising Unit to provide further written submissions on the intended correction of any identified deficiencies, and consider the matter further once such submissions have been received or the time for making submissions has expired;
- 28.3 order the Practising Unit or a Member be subject to full or partial re-inspection within one year;
- 28.4 require the Practising Unit or Member undertake certain specified actions;
- 28.5 recommend to the Vice President of Learning to amend or revoke the approval of an External Audit Practising Unit to employ Students, if applicable;

*Amended November 27, 2014*

- 28.6 refer the Practising Unit or Member to the Professional Conduct Committee for investigation; or
- 28.7 report to the Registrar or the Public Accounting Licensing Board on any matter.

*Amended February 24, 2012*

29. The Practice Inspection Committee shall not refer a matter to the Professional Conduct Committee solely for the failure to produce a document subject to a valid claim of legal privilege that has not been waived.
30. In determining the action to be taken pursuant to section 28, the Practice Inspection Committee may consider, but is not limited to:
- 30.1 the degree to which the requirements of the practice inspection program have been met;
- 30.2 the nature and severity of any identified deficiencies;
- 30.3 the cooperation of the Practising Unit or Member;
- 30.4 the public interest; and
- 30.5 on a re-inspection, the results of any previous inspections of the

## REGULATIONS

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Practising Unit or Member, and the response of the Practising Unit or Member to those inspections.

31. A decision made by the Practice Inspection Committee pursuant to section 28 is final.
32. The Practice Inspection Committee shall ensure its decision pursuant to section 28 is communicated in writing to the Practising Unit or Member.

### **Re-inspection**

33. A full or partial re-inspection of a Practising Unit or Member shall be conducted in accordance with this Regulation, with necessary amendments thereto.

### **File Retention**

34. Any file created during the course of an inspection shall be retained until the inspection has been deemed complete, and thereafter for a period of twelve months after the conclusion of Practice Inspection Year in which the inspection occurred.
35. Notwithstanding section 34, CPA Ontario shall retain information required for administrative purposes including, but not limited to:
  - 35.1 evidence that an inspection has been completed;
  - 35.2 documentation identifying the Practising Units or Members and client files inspected;
  - 35.3 documentation that may assist in future inspection planning; and
  - 35.4 documentation as required by the Public Accounting Licensing Board.

*Amended February 24, 2012*

### **Confidentiality**

36. A member of the Practice Inspection Committee, or any person acting on behalf of the Committee, shall not make use of or disclose the contents of any report or of any files, working paper files, books, documents or other material inspected, or any confidential information concerning the affairs of any Practising Unit or of its clients obtained in the course of a practice inspection, except to the Practice Inspection Committee or person acting on its behalf.
37. Notwithstanding section 36, CPA Ontario, a member of the Practice Inspection Committee or person acting on their behalf may:
  - 37.1 provide the Professional Conduct Committee with information and documentation regarding a failure to maintain professional standards, including a failure to co-operate with the inspection process;
  - 37.2 provide the Public Accounting Licensing Board with the outcome of any practice inspection conducted within the immediate last five years which is



## REGULATIONS

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associated with a Member or firm applying for or renewing a public accounting licence or a certificate of authorization;

- 37.3 provide the Public Accounting Licensing Board with the outcome of a practice inspection which follows the conditional granting of a public accounting licence or certificate of authorization under Regulation 9-1;
  - 37.4 provide the Public Accounting Licensing Board with a report in respect of a Member or firm holding a licence or certificate under Regulation 9-1 that has:
    - 37.4.1 failed to provide any information or documents requested regarding compliance with any of the requirements of the Bylaws or Regulations;
    - 37.4.2 provided any information or documents appearing to be incomplete or misleading;
    - 37.4.3 provided any information or documents indicating that the Member or firm appears not to meet the criteria established in the Bylaw 9 and its related regulations; or
    - 37.4.4 apparently breached or failed to comply with the Bylaws or Regulations.
  - 37.5 provide a report to the Registrar regarding a Member who does not appear to be in compliance with the requirements of the Bylaws or Regulations; and
  - 37.6 provide the Vice President of Learning with information and documentation deemed appropriate for its assessment of the Practising Unit's student training program or the eligibility of the organization to offer a Pre-Approved Program or otherwise employ Students.
- New November 27, 2014*
- 37.7 make such disclosure as is permitted by law, including disclosure to a regulatory authority with which CPA Ontario has a Memorandum of Understanding or agreement on the terms and conditions contained in that Memorandum or agreement.

### **Employment of Students**

- 38. The Practice Inspection Committee may, either at its own initiative or on the request of a person acting on behalf of CPA Ontario, monitor any External Audit Practising Unit, including, but not limited to:
  - 38.1 requiring the External Audit Practising Unit to provide information and documentation;
  - 38.2 undertaking any investigative procedures to ensure that the External Audit Practising Unit is fulfilling its obligations as a training office; and
  - 38.3 designating any person to conduct such an investigation.

*Amended November 27, 2014*

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39. If an External Audit Practising Unit fails to:  
*Amended November 27, 2014*

39.1 continue to meet the standards for employment of Students;

39.2 supply documentation or information within 30 days of a specific written request; or

39.3 co-operate in any manner with an investigative procedure, the Practice Inspection Committee shall report the failure to the Director of Practical Experience.

*Amended November 27, 2014*

### **Practice Inspection Committee**

40. The Practice Inspection Committee shall be comprised of seventeen (17) members, more or less, including a Chair, appointed by the Council. The Committee should be representative of the CPA Ontario's membership by geographic location and should be composed of:
- 40.1 eight (8) members, more or less, from local firms;
  - 40.2 six (6) members, more or less, from national firms; and
  - 40.3 three (3) members, more or less, from regional firms.
41. At least 75% of the members of the Practice Inspection Committee shall:
- 41.1 be at the partner level (or equivalent);
  - 41.2 have been a Chartered Professional Accountant in good standing for greater than 10 years; and
  - 41.3 hold a public accounting licence.
42. Members of the Practice Inspection Committee shall be appointed for an initial one year term, and are eligible for reappointment for three additional three year terms. Thereafter, a Member is eligible for reappointment to the Committee only after retiring from the Committee for at least a three year period.
43. Notwithstanding section 50, the Chair of the Committee may serve up to two additional years as Chair, and is not thereafter eligible for reappointment as Chair.
44. Notwithstanding sections 50 and 51, any member, whose term of office would otherwise expire, shall remain a member of the Committee until such time as all practice inspection decisions he or she is considering and any ancillary matters have been concluded.
45. The quorum for a meeting of the Practice Inspection Committee shall be a majority of its members.

## REGULATIONS

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46. The Practice Inspection Committee may sit in panels, and the quorum for a panel shall be a majority of the panel.
47. The Practice Inspection Committee has the power to:
- 47.1 carry out a program of practice inspection and appoint inspectors for that program in accordance with the Act, Bylaws and this Regulation;
  - 47.2 require the cooperation of any Member, Student, Applicant or firm, and the production of any working paper files, books, documents or other material in his, her or its possession, custody or control which it may require from time to time;
  - 47.3 monitor, investigate, and recommend to the Vice President of Learning the amendment or revocation of approval of an External Audit Practising Unit to employ and train Students or the approval of an organization to offer an External Audit Pre-Approved Program as defined in Regulation 6-6;  
*Amended November 27, 2014*
  - 47.4 require the Member or firm subject to the practice inspection to pay the fees and costs associated by that inspection, as established by the Council from time to time;
  - 47.5 implement and act under any Memorandum of Understanding or agreement with a regulatory authority;
  - 47.6 retain the services of any individual on a fee basis or otherwise and to authorize any such individual to enquire into all matters which may be brought to his or her attention by the committee or its chair and through its chair to authorize any such individual to interview any Member, Student, Applicant or firm, and to examine any working paper files, books, documents or other material; and
  - 47.7 perform all other acts necessary and ancillary to its powers.

### **Failure to Comply**

48. A failure to comply with any section of this regulation, including a failure to comply with any order or requirement of the Practice Inspection Committee, is a breach of member obligations as defined in Regulation 4-3.

CHARTERED PROFESSIONAL ACCOUNTANTS  
OF ONTARIO

**RULES OF  
PROFESSIONAL  
CONDUCT**

Adopted or continued under the authority of Section 63 and Section 65 of the *Chartered Accountants Act, 2010*, S.O. 2010, Chapter 6, Schedule C and the bylaws of CPA Ontario as amended from time to time.

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RULES OF PROFESSIONAL CONDUCT

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CHARTERED PROFESSIONAL ACCOUNTANTS  
OF ONTARIO

RULES OF PROFESSIONAL CONDUCT

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**CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO**

**RULES OF PROFESSIONAL CONDUCT:**

Completely revised rules of professional conduct were approved by the members on June 11, 1973 through the passing of the First Bylaw of 1973. The relevant part of that bylaw appears below, including the transitional provision in respect of the former rules.

**FIRST BYLAW OF 1973**

BE IT ENACTED AND IT IS HEREBY ENACTED as the First Bylaw of 1973 of CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO (hereinafter called "CPA Ontario") as follows:

- 1 (a) The rules of professional conduct in the form attached hereto and marked Appendix "A" are hereby adopted as the rules of professional conduct of CPA Ontario.  
(b) The rules of professional conduct existing immediately before these rules take effect are repealed, provided that the repeal of such rules shall not affect their previous operation nor that of any right, privilege, liability or obligation acquired, accrued, accruing or incurred under the repealed rules; and any investigation proceeding or remedy relating to disciplinary matters arising previous to the coming into force of these rules may be instituted, continued or enforced or any penalty or punishment may be imposed as if the repealed rules had not been repealed.

CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO

**RULES OF PROFESSIONAL CONDUCT\***

Adopted or continued under the authority of Section 63 and Section 65 of the *Chartered Accountants Act, 2010*, S.O. 2010, Chapter 6, Schedule C and the bylaws of CPA Ontario as amended from time to time. Amendments of the rules of professional conduct to make them applicable to firms took effect December 6, 2000.

*\*Being Appendix "A" to the First Bylaw of 1973, including any revisions from time to time.*

**FOREWORD**

The Foreword to the rules of professional conduct (or, rules) sets out the philosophy that underlies the rules governing the chartered professional accountant's responsibilities to those to whom professional services are provided, to the public and to colleagues, in respect of

- characteristics of a profession;
- fundamental principles governing conduct;
- ethical conflict resolution;
- fiduciary duty;
- personal character and ethical conduct;
- application of the rules;
- principles governing the responsibilities of firms; and
- interpretation of the rules.

The rules of professional conduct, comprehensive in their scope, practical in application and addressed to high moral standards, serve not only as a guide to the profession itself but as a source of assurance of the profession's concern for the public it serves. It is a mark of a profession that there is a voluntary assumption, by those who comprise it -- the professional community -- of ethical principles which are aimed, first and foremost, at protection of the public and, second, at achieving orderly and courteous conduct within the profession. It is to these purposes that CPA Ontario's rules are directed.

**Characteristics of a profession**

The rules of professional conduct presume the existence of a profession. Since the word "profession" has lost some of its earlier precision, through widespread application, it is worthwhile reviewing the characteristics which mark a calling as professional in the traditional sense. Much has been written on the subject and court cases have revolved around it. The weight of the authorities, however, identifies the following distinguishing elements:

- there is mastery by the practitioners of a particular intellectual skill, acquired by lengthy training and education;
- the traditional foundation of the calling rests in public practice -- the application of the acquired skill to the affairs of others for a fee;



- the calling centres on the provision of personal services rather than entrepreneurial dealing in goods;
- there is an outlook, in the practice of the calling, which is essentially objective;
- there is acceptance by the practitioners of a responsibility to subordinate personal interests to those of the public good;
- there exists a developed and independent society or institute, comprising the members of the calling, which sets and maintains standards of qualification, attests to the competence of the individual practitioner and safeguards and develops the skills and standards of the calling;
- there is a specialized code of ethical conduct, laid down and enforced by that society or institute, designed principally for the protection of the public;
- there is a belief, on the part of those engaged in the calling, in the virtue of interchange of views, and in a duty to contribute to the development of their calling, adding to its knowledge and sharing advances in knowledge and technique with their fellow members.

By these criteria chartered professional accountancy is a profession.

It is essential to recognize that a profession does not cease to be a profession because a proportion of its members enter salaried private employment. These members continue to belong to the profession and to be subject to the rules of professional conduct. It should be recognized that some members of the profession might acquire the required skills outside of public practice.

### **Fundamental principles governing conduct**

The rules of professional conduct, as a whole, flow from the special obligations embraced by the chartered professional accountant. The reliance of the public, generally, and the business community, in particular, on sound and fair financial reporting and competent advice on business affairs -- and the economic importance of that reporting and advice -- impose these special obligations on the profession. They also establish, firmly, the profession's social usefulness.

To protect the public and to maintain the reputation of the profession, the rules apply, as appropriate, to members of the profession, students and firms of chartered professional accountants. The application of the rules of professional conduct to firms is discussed later in this Foreword.

The rules of professional conduct are derived from five fundamental principles of ethics - statements of accepted conduct whose soundness is, for the most part, self-evident and are as follows:

### **Professional Behaviour**

*Members conduct themselves at all times in a manner which will maintain the good reputation of the profession and its ability to serve the public interest.*

In doing so, members are expected to avoid any action that would discredit the profession.

While there are business considerations involved in the creation and development of a professional practice, a member's practice should be based primarily upon a reputation for professional excellence. A member is expected to act in relation to other members with the courtesy and consideration he or she would expect to be accorded by them.

### **Integrity and Due Care**

*Members perform professional services with integrity and due care.*

Members are expected to be straightforward, honest and fair dealing in all professional relationships. They are also expected to act diligently and in accordance with applicable technical and professional standards when providing professional services. Diligence includes the responsibility to act, in respect of an engagement, carefully, thoroughly, and on a timely basis. Members are required to ensure that those performing professional services under their authority have adequate training and supervision.

### **Professional Competence**

*Members maintain their professional skills and competence by keeping informed of, and complying with, developments in their professional standards.*

The public expects the accounting profession to maintain a high level of competence. This underscores the need for maintaining individual professional skill and competence by keeping abreast of and complying with developments in the professional standards and pertinent legislation in all functions where a member practises, or is relied upon because of his or her calling.

### **Confidentiality**

*Members have a duty of confidentiality in respect of information acquired as a result of professional, employment and business relationships and they will not disclose to any third party, without proper cause and specific authority, any information, nor will they exploit such information to their personal advantage or the advantage of a third party.*

The principle of confidentiality includes the need to maintain the confidentiality of information within a member's firm or employing organization.

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## RULES OF PROFESSIONAL CONDUCT

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The disclosure of confidential information by a member may be required or appropriate where such disclosure is:

- Permitted or authorized by the client or employer;
- Required by law; or
- Permitted or required by a professional right or duty, when not prohibited by law.

### **Objectivity**

*Members do not allow their professional or business judgment to be compromised by bias, conflict of interest or the undue influence of others.*

The public expects that members will bring objectivity and sound professional judgment to their professional services. It thus becomes essential that a member will not subordinate professional judgment to external influences or the will of others.

The public interest in the objectivity of a member engaged to perform an assurance or a specified auditing procedure requires that the member be, and be seen to be, free of influences which would impair the member's objectivity. Accordingly, the rules specifically require a member who engages to perform an assurance or specified auditing procedures engagement to be independent. The ethical standard of independence requires the member to be and remain free of any influence, interest or relationship, in respect of the client's affairs, which impairs the member's professional judgment or objectivity or which, in the view of a reasonable observer, would impair the member's professional judgment or objectivity.

As well, the rules specifically require that a member, before accepting or continuing an engagement, determine whether there is any restriction, influence, interest or relationship which, in respect of the proposed engagement, would cause a reasonable observer to conclude that there is or will be a conflict of interest. If there were to be such a conflict, the member is required to decline or discontinue the particular engagement unless there are accepted conflict management techniques which, with the informed consent of the affected client or clients, permit the member to accept or continue the engagement.

With respect to both independence and conflicts of interest, the profession employs the criterion of whether a reasonable observer would conclude that a specified situation or circumstance posed an unacceptable threat to a member's objectivity and professional judgment. Only then can public confidence in the objectivity and integrity of the member be sustained, and it is upon this public confidence that the reputation and usefulness of the profession rest. The reasonable observer should be regarded as a hypothetical individual who has knowledge of the facts which the member knew or ought to have known, and applies judgment objectively with integrity and due care.

### **Ethical conflict resolution**

Circumstances may arise where a member encounters and is required to resolve a conflict in the application of the fundamental principles or compliance with the rules derived therefrom.

When initiating a process for the resolution of an ethical conflict, a member should consider, either individually or together with others, as part of the resolution process, the following:

- Relevant facts;
- Ethical issues involved;
- Fundamental principles and rules applicable to the matter in question;
- Established internal procedures; and
- Alternative courses of action.

Having considered these issues, the member should determine the appropriate course of action that is consistent with the fundamental principles and rules identified as being pertinent. The member should also weigh the consequences of each possible course of action. If the matter remains unresolved, the member should consult with other appropriate persons within the firm or employing organization for help in obtaining resolution.

Where a matter involves a conflict with, or within, an organization, a member should also consider consulting with those charged with governance of the organization, such as the board of directors or the audit committee.

It would be in the best interests of the member to document the substance of the issue and details of any discussions held or decisions taken, concerning that issue.

If a significant conflict cannot be resolved, a member may wish to obtain guidance on ethical issues without breaching confidentiality from CPA Ontario or legal advisors. For example, a member may have encountered a fraud, the reporting of which could breach the member's responsibility to respect confidentiality. The member is advised to consider obtaining legal advice to determine whether there is a requirement to report.

If, after exhausting all relevant possibilities, the ethical conflict remains unresolved, the member should, where ethically possible, refuse to remain associated with the matter creating the conflict. The member may determine that, in the circumstances, it is appropriate to withdraw from the particular engagement team or assignment, or to resign altogether from the engagement, the firm or the employing organization in a manner consistent with the rules of professional conduct.

### **Fiduciary duty**

Members have duties to their clients that arise from the nature of the relationships with the clients. Members have a professional duty to act with integrity and due care and a contractual duty to provide services as defined by the terms of the engagement. In certain cases, the relationship between a member and a client could also be one that the courts describe as a fiduciary relationship that gives rise to fiduciary duties.

The concepts of fiduciary relationship and fiduciary duty are derived from the law of trusts. The obligations of a fiduciary can be onerous and the implications of being in breach of a fiduciary duty can be significant.

In determining whether a fiduciary relationship does exist, a court will look at all of the factors but, in a professional engagement situation, will particularly focus on the purpose and nature of the service being provided; the extent of the reliance which the client places on the member; any lack of sophistication of the client; the vulnerability of the client to the influence of the member; and, the discretionary authority, if any, granted by the client to the member. The court will also consider the extent of the disclosure to the client of the member's interest in the matter and whether the member has put himself or herself in a position of conflict or has an opportunity to receive a benefit unknown to the client.

Courts have held that, absent other circumstances, an auditor is not a fiduciary in the typical financial statement audit engagement (in keeping with the standard statutory purpose). However, when a member of the firm provides non-audit advisory services to an audit client and when criteria for a fiduciary relationship exist, the audit firm may be found to be a fiduciary. A service provider is more likely to be found to be a fiduciary in professional engagements such as forensic or investigative accounting and investment advisory services.

Members must also note that a member who is an employee may, depending on the particular facts and circumstances, have a fiduciary relationship with his or her employer.

If there is any question as to whether a fiduciary relationship exists, legal advice should be obtained.

The specific duties that a court might find applicable to a fiduciary will vary depending on the particular facts and circumstances. In general, a fiduciary relationship requires the fiduciary to act in the utmost good faith on behalf of the client. As such, a fiduciary must not place himself or herself in a position where his or her interests conflict with that of the client; nor can a fiduciary profit from his or her position at the expense of the client. A fiduciary must use information obtained in confidence from a client only for the benefit of the client and must not use it for personal advantage or the benefit of another person. A fiduciary cannot act at the same time both for and against the same client and must make available to a client all of the information that is relevant to the client's affairs,

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## RULES OF PROFESSIONAL CONDUCT

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unless these requirements are modified with the client's agreement. Other duties may be found to pertain but are less likely to apply to public accountants.

It is important for members to recognize that not all fiduciary relationships give rise to all fiduciary duties. The terms of the engagement, including explicit provisions for the disclosure of potential conflicts and/or the use of institutional mechanisms to maintain confidentiality are fundamentally important to the nature of the relationship and the duties that a court will find to apply in a particular case.

The responsibilities owed to an existing client are more comprehensive than the responsibilities owed to a former client. The responsibility owed to a former client is generally limited to the duty of confidentiality.

Some, but not all, fiduciary duties are also professional obligations under the rules of professional conduct. The existence of professional obligations that are similar to fiduciary duties is not in and of itself determinative as to whether a fiduciary relationship exists between a member and his or her client. The rules require that members maintain confidentiality, refrain from taking undisclosed profits and avoid conflicts of interest in all client relationships. While the law recognizes that only certain professional engagements give rise to fiduciary duties, members must be aware that they are subject to the rules of professional conduct in all engagements.

### **Personal character and ethical conduct**

The rules of professional conduct which follow are based on the principles expressed above in this Foreword. These principles have emerged out of the collective experience of the profession as it has sought, down the years, to demonstrate its sense of responsibility to the public it serves. By their commitment to honourable conduct, members of CPA Ontario, throughout its history, have given particular meaning and worth to the designation "chartered professional accountant". They have done so by recognizing that rules of professional conduct, which are enforceable by sanctions, do not by their nature state the most that is expected of members, but simply the least -- the rules thus define a minimum level of acceptable conduct. Ethical conduct in its highest sense, however, is a product of personal character -- an acknowledgement by the individual that the standard to be observed goes beyond that of simply conforming to the letter of a list of prohibitions.

### **Application of the rules of professional conduct**

- The rules of professional conduct apply to all members irrespective of the type of professional services being provided. Some rules have particular relevance to members engaged in the practice of public accounting. The rules and the guidance in this Foreword also apply, as appropriate, to students and, as discussed below, to firms.

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## RULES OF PROFESSIONAL CONDUCT

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- A member not engaged in the practice of public accounting must observe these rules except where the wording of any rule makes it clear that it relates only to the practice of public accounting or there is a specific exception made in a particular rule.
- The term "professional services" also applies to members who are not engaged in the practice of public accounting. In this context, it includes those of the member's activities where the public or his or her associates are entitled to rely on membership in CPA Ontario as giving the member particular competence and requiring due care, integrity and an objective state of mind.
- Members are responsible to CPA Ontario for compliance with these rules by others who are either under their supervision or share with them proprietary interest in a firm or other enterprise. In this regard, a member must not permit others to carry out on his or her behalf acts which if carried out by the member would place him or her in violation of the rules.
- Members and students who reside outside Ontario continue to be subject to the rules of professional conduct in the province or provinces of membership. They may also be subject to the rules of the organized accounting profession in the jurisdiction in which they reside. Should the rules in two or more jurisdictions conflict, a member will, where possible, observe the higher or stronger of the conflicting rules and, where that is not possible, he or she will consider the ethical conflict guidance set out above.

### **Principles governing the responsibilities of firms**

Firms of chartered professional accountants, being comprised of members of the profession, have a responsibility which they share with their individual members to provide services that maintain the profession's reputation for competence and integrity. It is clear that the manner in which firms conduct their affairs and provide services has an importance that goes well beyond the establishment of their individual reputations; it affects the public perception of the chartered professional accountancy profession as a whole.

This broader responsibility requires that firms be accountable to the profession and the public in respect of ethical conduct and professional competence. The accountability of firms is formalized by bringing them within the authority of the rules of professional conduct in a manner that is similar to that for members but which also appropriately recognizes that the responsibility of firms as business organizations differs in important respects from that of the individual members carrying on professional engagements on their behalf.

The responsibility of firms to the profession is fulfilled in the first instance by establishing, maintaining and upholding appropriate policies and procedures designed to ensure that their members provide professional services in a manner that complies with the standards of conduct and competence prescribed in these rules.

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The accountability of firms is based on the recognition that the services they provide are carried out by members of the profession who, through their individual and collective actions and through the exercise of professional judgment, are expected at all times to comply with these rules and to adhere to the generally accepted standards of practice of the profession. Depending on the circumstances and the particular standard of competence or conduct, therefore, a firm's accountability for a failure to comply with the rules may be shared with a member or members of the firm. It is acknowledged in this regard that a firm cannot be held accountable for the conduct of its members who do not comply with these rules, where the firm has done all that it could be reasonably expected to have done to ensure that such members do comply with the rules.

A firm will be held accountable, as an organization, for its professional conduct and standards in those instances where:

- the firm has policies and/or procedures which are inconsistent with the rules; or
- the breach of any rule by any member of the firm is found to be related to the absence of quality control procedures or to the existence of quality control procedures that are inadequate for the type of practice in which it is engaged; or
- the firm is identified with a conduct or the provision of professional services that is in breach of the rules and it is unclear which member(s) within the firm are responsible for such breach; or
- the conduct that breaches the rules was authorized, initiated, implemented or condoned by the firm prior to or at the time it takes place; or
- the conduct that breaches the rules is condoned or concealed by the firm after it learns of it; or
- the firm did not take appropriate action in response to becoming aware of any conduct that breaches the rules; or
- there are repeated instances of breaches of the rules by member(s) of the firm.

In keeping with the principle that firms have a responsibility to maintain the good reputation of the profession, it is only appropriate in these circumstances that the firm and the individual member(s) be the subject of investigation and disciplinary sanction.

The inclusion of firms within the authority of the rules does not presume that an investigation against a firm automatically calls into question the character, competence or conduct of all of the members of the firm. Indeed, there is an obligation on the part of those given responsibility for the enforcement of the profession's standards to ensure that any investigation of a firm be restricted to those who should properly be the subject of the investigation and resulting disciplinary sanction. This involves recognizing that firms may have many partners and/or offices and/or a number of departments or units within the offices, whether or not they are geographically distinct. In some circumstances, therefore, accountability for a failure to comply with the rules will rest solely with the individual partners of a firm who had knowledge of the matter that is the



reason for making allegations against the firm. In other circumstances, the accountability will rest with identifiable departments or units within a firm, or with a firm's executive committee, management committee or equivalent group.

### **Interpretation of the rules of professional conduct**

In interpreting the rules, they are to be read in light of the Foreword to the rules and the definitions in and provisions of the bylaws of CPA Ontario.

## **100 – GENERAL**

### **101 Compliance with bylaws, regulations and rules**

Members, students and firms shall comply with the bylaws, regulations and rules of professional conduct of CPA Ontario as they may be from time to time and with any order or resolution of the Council or officers of CPA Ontario under the bylaws.

### **102 Matters to be reported to CPA Ontario**

#### **.1 Illegal Activities**

Members, Students, Applicants, membership candidates or firms shall promptly inform CPA Ontario after having, in any jurisdiction, been:

- (a) convicted of an offence of fraud, theft, forgery, money-laundering, extortion, counterfeiting, criminal organization activities, charging criminal interest rates, financing terrorism or similar offences related to financial matters, or convicted of an offence of conspiring or attempting to commit such offences;
- (b) convicted of any other serious criminal offence that is not related to financial matters but which involves conduct that is of such a nature that it diminishes the good reputation of the profession and its ability to serve the public interest;
- (c) convicted of any criminal offence that is a repeat offence; or
- (d) found guilty of a violation of the provisions of any securities legislation or having entered into a settlement agreement with respect to such matters;
- (e) found guilty of a violation of the provisions of any tax legislation that involves, explicitly or implicitly, dishonesty on the part of the Member, Student, Applicant, membership candidate or firm, or having entered into a settlement agreement with respect to such matters
- (f) discharged absolutely or upon condition after pleading guilty to or being found guilty of an offence described in (a), (b), (c), (d) or (e) above.

**.2 Other provincial Bodies**

Members, or firms, as applicable, shall promptly inform CPA Ontario after having, in relation to a disciplinary or similar process of a provincial body,

- (a) been found guilty of a failure to comply with the requirements of that provincial body,
- (b) entered into a settlement agreement with that provincial body with respect to a matter referred to in (a), or
- (c) resigned from membership in or voluntarily deregistered from that provincial body, where permitted to do so, in order to resolve a disciplinary matter.

**.3 Other professional regulatory bodies**

Members, Students, Applicants, membership candidates or firms shall promptly inform CPA Ontario after having, in any jurisdiction in relation to a disciplinary or similar process of another professional regulatory body,

- (a) been found guilty of a failure to comply with the requirements of that professional regulatory body,
- (b) entered into a settlement agreement with that professional regulatory body with respect to a matter referred to in (a), or
- (c) resigned from membership in or voluntarily deregistered from that professional regulatory body, where permitted to do so, in order to resolve a disciplinary matter.

**.4 Other regulatory bodies**

Members, Students, Applicants, membership candidates or firms shall promptly inform CPA Ontario after having, in any jurisdiction in relation to a disciplinary or similar process of a regulatory body other than a provincial body or professional regulatory body, where the matter involves acting in a professional capacity, relates to professional skills or involves reliance on membership in or association with CPA Ontario or a provincial body,

- (a) been found guilty of a failure to comply with the requirements of that other regulatory body, or
- (b) entered into a settlement agreement with that other regulatory body with respect to a matter referred to in (a).

**103 False or misleading applications**

- (a) A member or student or any person who applies to become a member or student shall not sign or associate himself or herself with any letter, report, statement or representation relating to the application for admission or re-admission to membership, or relating to the application for registration or re-registration as a student, which the applicant knows, or should know, is false or misleading.
- (b) A member who applies to be licensed as a public accountant or a licensee who applies to have a licence renewed shall not sign or associate with any letter, report, statement or representation relating to the application to be licensed or to have a licence renewed which the applicant knows, or should know, is false or misleading.

**104 Requirement to co-operate**

**104.1** A member, student or firm shall co-operate with the regulatory process of CPA Ontario.

**.2** A member, student or firm shall

- (a) promptly reply in writing to any communication from CPA Ontario in which a written reply is specifically requested;
- (b) promptly produce documents when required to do so by CPA Ontario;
- (c) attend in person in the manner requested when required to do so by CPA Ontario in relation to the matters referred to in Rule 104.1.

**105 Hindrance, inappropriate influence and intimidation**

**105.1** A member, student or firm shall not, directly or indirectly hinder any regulatory process of CPA Ontario or otherwise attempt to exert inappropriate influence or pressure on the outcome of a regulatory matter of CPA Ontario.

**.2** A member, student or firm shall not threaten or intimidate a complainant, witness, or any other person related to a regulatory matter of CPA Ontario nor shall a member, student or firm threaten or intimidate officers, staff, volunteers or agents of CPA Ontario acting on behalf of CPA Ontario.

**200 – STANDARDS OF CONDUCT AFFECTING THE PUBLIC INTEREST**

**201 Maintenance of reputation of profession**

- .1 A Member, Student, Applicant, membership candidate or firm shall act at all times in a manner which will maintain the good reputation of the profession and its ability to serve the public interest.
- .2 There is a rebuttable presumption that a Member, Student, Applicant, membership candidate or firm has failed to maintain the good reputation of the profession and its ability to serve the public interest when the Member, Student, Applicant, membership candidate or firm is the subject of an Allegation under Rule 201.1 on account of any matter referred to in Rule 102.1(a), (d) and (e) and a certified copy of a document which provides proof of guilt in respect of such matters is filed with the discipline or appeal committee. For purposes of this Rule, documents which provide proof of guilt include a certificate of conviction, order, decision, or settlement agreement which includes an admission of guilt or other similar relevant document.
- .3 There is a rebuttable presumption that a member or firm has failed to maintain the good reputation of the profession and its ability to serve the public interest when the member or firm is the subject of an Allegation under Rule 201.1 on account of a matter referred to in Rule 102.2 where the resolution of the matter includes
  - (a) a finding of guilt by, or a settlement agreement with, another provincial body or another designated body under the *Public Accounting Act, 2004*, and
    - (i) the membership of the Member was suspended or revoked, or the Member was expelled, or the Member resigned from membership in order to resolve a disciplinary matter, or had restrictions placed on practice rights; or
    - (ii) as applicable, the firm was deregistered or ceased to be registered in order to resolve a disciplinary matter, or had restrictions placed on practice rights; or
  - (b) a finding of guilt by, or an admission of guilt by the member or firm to, another provincial body or another designated body under the *Public Accounting Act, 2004*, that Rule 201.1 was breached by the member or firm;and a certified copy of the order, decision, settlement agreement or other relevant document from the other provincial body or other designated body is filed with the discipline or appeal committee.

**.4 Advocacy services**

Before accepting an engagement to act as an advocate, a member or firm shall ensure that:

- (a) the service is not an assurance service or specified auditing procedures engagement;
- (b) the advocacy role is apparent in the circumstances;
- (c) the position of the client is supportable; and
- (d) the position of the client can be argued or supported by the member or firm without the member or firm failing to comply with the independence standards required by Rule 204 for other services which the member or firm has engaged to provide.

**202.1 Integrity and due care**

A member, student or firm shall perform professional services with integrity and due care.

**202.2 Objectivity**

A member or student shall perform his or her professional services with an objective state of mind.

### 203.1 Professional competence

A member shall sustain professional competence by keeping informed of, and complying with, developments in professional standards in all functions in which the member practises or is relied upon because of the member's calling.

### 204 Independence

**NOTE:**

Please refer to the [former Rules](#) 204.1 to 204.9 which may remain in effect for certain engagements during the transition period(s) set out below.

**NOTE:**

*Effective date and transitional provisions*

#### A. Effective date

*Rules 204.1 to 204.9 shall take effect:*

- (a) *for an assurance engagement in respect of a particular reporting period of a client, for the first reporting period commencing after December 15, 2014; and*
- (b) *for any other assurance engagement and an engagement to issue a report of the results of applying specified auditing procedures where the engagement is commenced after December 15, 2014,*

*subject to the following transitional provisions, as may be applicable.*

#### B. Provision of litigation support services

*The litigation services referred to in 204.4(29)(a) do not include a service that has not been completed before July 1, 2014 where:*

- (i) *there exists on June 30, 2014 a binding contract for the member or firm to provide the service; and*
- (ii) *the provision of the service by the member or firm would not have contravened the provisions of Rule 204.1 as it read prior to July 1, 2014.*

#### C. Key audit partner rotation

*Notwithstanding the requirements of 204.4(20), where the application of the definition of "key audit partner" which takes effect pursuant to the effective date established by A. above has the effect of requiring the rotation of a person who would not have been subject to rotation based on the definition of "audit partner" in effect immediately prior to that effective date, that person may continue to participate in the audit of the financial statements of the particular client up to and including the audit engagement for the second fiscal year of the client commencing after December 15, 2014.*

### Definitions

For the purposes of Rules 204.1 to 204.9 and the related Council Interpretations: "accounting role" means a role in which a person is in a position to or does

exercise more than minimal influence over:

- (a) the contents of the client's accounting records related to the financial statements subject to audit or review by the member or firm; or
- (b) anyone who prepares such financial statements.

**"assurance client"** means an entity in respect of which a member or firm has been engaged to perform an assurance engagement. In the application of Rule 204.4(1) to (12) "assurance client" includes its related entities, and the reference to an assurance client, a client or an entity that is an assurance client shall be read as including all related entities of the assurance client, client or entity as the case may be.

**"assurance engagement"** means an assurance engagement as contemplated in the *CPA Canada Handbook – Assurance*. For the purpose of Rule 204.4, "assurance engagement" also includes a specified auditing procedures engagement as contemplated by the *CPA Canada Handbook – Assurance*.

**"audit client"** means an entity in respect of which a member or firm has been engaged to perform an audit of the financial statements. In the application of Rule 204.4(1) to (12) "audit client" includes its related entities, and the reference to an assurance client, a client or an entity that is an audit client shall be read as including all related entities of the assurance client, client or entity as the case may be.

**"audit committee"** means the audit committee of the entity, or if there is no audit committee, another governance body which has the duties and responsibilities normally granted to an audit committee, or those charged with governance of the entity.

**"audit engagement"** means an engagement to audit financial statements as contemplated in the *CPA Canada Handbook – Assurance*.

**"audit partner"** means a person who is a partner in a firm or a person who has equivalent responsibility, who is a member of the engagement team, other than a specialist or technical partner or equivalent who consults with others on the engagement team regarding technical or industry-specific issues, transactions or events.

**"clearly insignificant"** means trivial and inconsequential.

**"close family member"** means a parent, child or sibling who is not an immediate family member.

**"direct financial interest"** means a financial interest:

- (a) owned directly by and under the control of an individual or entity (including those managed on a discretionary basis by others);
- (b) beneficially owned through a collective investment vehicle, estate, trust or other intermediary over which the individual or entity has control or ability to influence investment decisions; or
- (c) owned through an investment club or by a private mutual fund in which the individual participates in the investment decisions.

**"engagement period"** means the period that starts at the earlier of the date when the member or firm signs the engagement letter or commences procedures

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in respect of the engagement and ends when the assurance report is issued, except when the engagement is of a recurring nature, in which case the engagement period ends with:

- (a) notification by either the client or the firm that the professional relationship has terminated or the issuance of the final assurance report, whichever is later; or
- (b) in the case of an audit engagement for a reporting issuer or listed entity, notification by either the client or the firm to the relevant Securities Commission that the audit client is no longer an audit client of the firm.

**“engagement quality control reviewer”**, often referred to as reviewing, concurring or second partner, means the audit partner or other person in the firm who, prior to issuance of the audit report, provides an objective evaluation of the significant judgments made and conclusions reached by the members of the engagement team in formulating the report on the engagement.

**“engagement team”** means:

- (a) each member of the firm performing the assurance engagement;
- (b) all other members of the firm who can directly influence the outcome of the assurance engagement, including:
  - (i) those who recommend the compensation of, or who provide direct supervisory, management or other oversight of, the assurance engagement partner in connection with the performance of the assurance engagement. For the purposes of an audit engagement this includes those at all successively senior levels above the lead engagement partner through to the firm’s chief executive officer;
  - (ii) those who provide consultation regarding technical or industry-specific issues, transactions or events for the assurance engagement; and
  - (iii) those who provide quality control for the assurance engagement; and
- (c) in the case of an audit client, all persons in a network firm who can directly influence the outcome of the audit engagement.

**“financial interest”** includes a direct or indirect ownership interest in an equity or other security, debenture, loan or other debt instrument of an entity, including rights and obligations to acquire such an interest and derivatives directly related to such interest.

**“financial reporting oversight role”** means a role in which a person is in a position to or does exercise influence over:

- (a) the contents of the financial statements subject to audit or review by the member or firm; or
- (b) anyone who prepares the financial statements.

**“firm”** means a sole practitioner, partnership, [provinces add professional corporation where appropriate] or association of members who carries or carry on the practice of public accounting, or carries or carry on related activities as defined by the Council. A related business or practice, as defined by [insert appropriate bylaw reference], is considered to be part of the firm.

**“fund manager”** means, with respect to a mutual fund, an entity that is responsible for investing the mutual fund’s assets, managing its portfolio trading and providing it with administrative and other services, pursuant to a management contract.



**“immediate family member”** means a spouse (or equivalent) or dependent.

**“indirect financial interest”** means a financial interest beneficially owned through a collective investment vehicle such as a mutual fund, estate, trust or other intermediary over which the beneficial owner has no control or ability to influence investment decisions.

**“key audit partner”** means:

- (a) an audit partner who is the lead engagement partner;
- (b) the engagement quality control reviewer; or
- (c) any other audit partner on the engagement team who makes important decisions or judgments on significant matters with respect to the audit or review engagement.

**“lead engagement partner”** means the partner or other person who is responsible for the engagement and its performance, for the report that is issued on behalf of the firm and who, where required, has the appropriate authority from a professional, legal or regulatory body.

**“legal service”** means any service that may only be provided by a person licensed, admitted, or otherwise qualified to practice law in the jurisdiction in which the service is provided. If a jurisdiction outside of Canada requires a service to be provided by a person licensed, admitted, or otherwise qualified to practice law in that jurisdiction and the same service could be provided in the relevant jurisdiction in Canada by a person not licensed, admitted, or otherwise qualified to practice law, the provision of the service in the jurisdiction outside Canada shall not be considered a legal service.

**“listed entity”** means an entity whose shares, debt or other securities are quoted on, listed on or marketed through a recognized stock exchange or other equivalent body, whether within or outside of Canada, other than an entity that has, in respect of a particular fiscal year, market capitalization and total assets that are each less than \$10,000,000. An entity that becomes a listed entity by virtue of the market capitalization or total assets becoming \$10,000,000 or more in respect of a particular fiscal year shall be considered to be a listed entity thenceforward unless and until the entity ceases to have its shares or debt quoted, listed or marketed in connection with a recognized stock exchange or the entity has remained under the market capitalization or total assets threshold for a period of two years.

In the case of a period in which an entity makes a public offering:

- (a) the term “market capitalization” shall be read as referring to the market price of all outstanding listed securities and publicly traded debt measured using the closing price on the day of the public offering; and
- (b) the term “total assets” shall be read as referring to the amount of total assets presented on the most recent financial statements prepared in accordance with generally accepted accounting principles included in the public offering document.

**“market capitalization”** in respect of a particular fiscal year means the average market price of all outstanding listed securities and publicly traded debt of the entity measured at the end of each of the first, second and third quarters of the

prior fiscal year and the year-end of the second prior fiscal year.

“**member of a firm**” or “**member of the firm**”, as the case may be, means a person, whether or not a member of a provincial body or Ordre, who is:

- (a) a sole practitioner;
- (b) a partner, professional employee or student of the firm;
- (c) an individual engaged under contract by the firm to provide services that might otherwise be provided by a partner or professional employee of the firm, but does not include an external expert possessing skills, knowledge and experience in a field other than accounting or auditing whose work in that field is used to assist the member or firm in obtaining sufficient appropriate evidence;
- (d) an individual who provides to the firm services which are referred to in Rule 204.1 and includes any corporate or other entity through which the individual contracts to provide such services; or
- (e) a retired partner of the firm who retains a close association with the firm.

“**mutual fund**” means a mutual fund that is a reporting issuer under the applicable Canadian provincial or territorial securities legislation.

“**mutual fund complex**” means:

- (a) a mutual fund that has the same fund manager as a client;
- (b) a mutual fund that has a fund manager that is controlled by the fund manager of a client; or
- (c) a mutual fund that has a fund manager that is under common control with the fund manager of a client.

“**network firm**” means an entity that is, or that a reasonable observer would conclude to be, part of a larger structure of co-operating entities that shares:

- (a) common quality control policies and procedures that are designed, implemented and monitored across the larger structure;
- (b) common business strategy that involves agreement to achieve common strategic objectives;
- (c) the use of a common brand name, including the use of common initials and the use of the common brand name as part of, or along with, a firm name when a partner of the firm signs an audit or review engagement report; or
- (d) professional resources, such as:
  - (i) common systems that enable the exchange of information such as client data, billing or time records;
  - (ii) partners and staff;
  - (iii) technical departments that consult on technical or industry specific issues, transactions or events for assurance engagements;
  - (iv) audit methodology or audit manuals; or
  - (v) training courses and facilities,

where such professional resources are significant.

“**office**” means a distinct sub-group of a firm, whether organized on geographical or practice lines.

“**related entity**” means any one of the following:

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- (a) in the case of an engagement to audit the financial statements of a client that is a reporting issuer or listed entity:
  - (i) an entity over which the client has control;
  - (ii) an entity that has control over the client, provided that the client is material to such entity;
  - (iii) an entity that has significant influence over the client, provided that the client is material to such entity;
  - (iv) an entity which is under common control with the client, provided that such entity and the client are both material to the controlling entity; or
  - (v) an entity over which a client has significant influence, provided that the entity is material to the client;
  
- (b) in the case of an engagement to audit or review the financial statements of a client that is not a reporting issuer or listed entity:
  - (i) an entity over which the client has control; or
  - (ii) any of the following entities where the engagement team knows or has reason to believe that the existence of an activity, interest or relationship involving the member or firm and that other entity is relevant to the evaluation of the independence of the member or firm with respect to the audit or review of the financial statements of the client:
    - (A) an entity that has control over the client, provided that the client is material to such entity;
    - (B) an entity that has significant influence over the client, provided that the client is material to such entity;
    - (C) an entity which is under common control with the client, provided that such entity and the client are both material to the controlling entity; or
    - (D) an entity over which a client has significant influence, provided that the entity is material to the client; and
  
- (c) in the case of an assurance engagement that is not an engagement to audit or review the financial statements of a client, any of the following entities where the engagement team knows or has reason to believe that the existence of an activity, interest or relationship involving the member or firm and that other entity is relevant to the evaluation of the independence of the member or firm with respect to the assurance engagement:
  - (i) an entity over which the client has control;
  - (ii) an entity that has control over the client, provided that the client is material to such entity;
  - (iii) an entity that has significant influence over the client, provided that the client is material to such entity;
  - (iv) an entity which is under common control with the client, provided that such entity and the client are both material to the controlling entity; or
  - (v) an entity over which a client has significant influence, provided that the entity is material to the client.

**“reporting issuer”** means an entity that is defined as a reporting issuer under the applicable Canadian provincial or territorial securities legislation, other than an entity that has, in respect of a particular fiscal year, market capitalization and total assets that are each less than \$10,000,000. An entity that becomes a reporting

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issuer by virtue of the market capitalization or total assets becoming \$10,000,000 or more in respect of a particular fiscal year shall be considered to be a reporting issuer thenceforward unless and until the entity ceases to have its shares or debt quoted, listed or marketed in connection with a recognized stock exchange or the entity has remained under the market capitalization or total assets threshold for a period of two years.

In the case of a period in which an entity makes a public offering:

- (a) the term “market capitalization” shall be read as referring to the market price of all outstanding listed securities and publicly traded debt measured using the closing price on the day of the public offering; and
- (b) the term “total assets” shall be read as referring to the amount of total assets presented on the most recent financial statements prepared in accordance with generally accepted accounting principles included in the public offering document.

In the case of a reporting issuer that does not have listed securities or publicly traded debt, the definition of reporting issuer shall be read without reference to market capitalization.

“**review client**” means an entity in respect of which a member or firm conducts a review engagement. In the application of Rule 204.4(1) to (12) “review client” includes its related entities, and the reference to an assurance client, a client or an entity that is a review client shall be read as including all related entities of the assurance client, client or entity, as the case may be.

“**review engagement**” means an engagement to review financial statements as contemplated in the *CPA Canada Handbook – Assurance*.

“**specified auditing procedures engagement**” means an engagement to perform specified auditing procedures as contemplated in the *CPA Canada Handbook – Assurance*.

“**total assets**” in respect of a particular fiscal year means the amount of total assets presented on the third quarter of the prior fiscal year’s financial statements prepared in accordance with generally accepted accounting principles that are filed with a relevant securities regulator or stock exchange. In the case of an entity that is not required to file quarterly financial statements, total assets in respect of a particular fiscal year means the amount of total assets presented on the annual financial statements of the second previous fiscal year prepared in accordance with generally accepted accounting principles that are filed with a relevant securities regulator or stock exchange.

### **Effective date and transitional provisions**

#### *A. Effective date*

Rules 204.1 to 204.9 shall take effect:

- (a) for an assurance engagement in respect of a particular reporting period of a client, for the first reporting period commencing after December 15, 2014; and
- (b) for any other assurance engagement and an engagement to issue a report of the results of applying specified auditing procedures where the

engagement is commenced after December 15, 2014,  
subject to the following transitional provisions, as may be applicable.

*B. Provision of litigation support services*

The litigation services referred to in 204.4(29)(a) do not include a service that has not been completed before July 1, 2014 where:

- (i) there exists on June 30, 2014 a binding contract for the member or firm to provide the service; and
- (ii) the provision of the service by the member or firm would not have contravened the provisions of Rule 204.1 as it read prior to July 1, 2014.

*C. Key audit partner rotation*

Notwithstanding the requirements of 204.4(20), where the application of the definition of “key audit partner” which takes effect pursuant to the effective date established by A. above has the effect of requiring the rotation of a person who would not have been subject to rotation based on the definition of “audit partner” in effect immediately prior to that effective date, that person may continue to participate in the audit of the financial statements of the particular client up to and including the audit engagement for the second fiscal year of the client commencing after December 15, 2014.

**204.1 Assurance and Specified Auditing Procedures Engagements**

A member or firm who engages or participates in an engagement:

- (a) to issue a written communication under the terms of an assurance engagement; or
- (b) to issue a report on the results of applying specified auditing procedures;

shall be and remain independent such that the member, firm and members of the firm shall be and remain free of any influence, interest or relationship which, in respect of the engagement, impairs the professional judgment or objectivity of the member, firm or a member of the firm or which, in the view of a reasonable observer, would impair the professional judgment or objectivity of the member, firm or a member of the firm.

**204.2 Compliance with Rule 204.1**

A member or firm who is required to be independent pursuant to Rule 204.1 shall, in respect of the particular engagement, comply with the provisions of Rules 204.3 and 204.4.

**204.3 Identification of Threats and Safeguards**

A member or firm who is required to be independent pursuant to Rule 204.1 shall, in respect of the particular engagement, identify threats to independence, evaluate the significance of those threats and, if the threats are other than clearly insignificant, identify and apply safeguards to reduce the threats to an acceptable level. Where safeguards are not available to reduce the threat or threats to an acceptable level, the member or firm shall eliminate the activity, interest or relationship creating

the threat or threats, or refuse to accept or continue the engagement.

#### **204.4 Specific Prohibitions, Assurance and Specified Auditing Procedures Engagements**

##### *Financial interests*

- (1) (a) A member or student shall not participate on the engagement team for an assurance client if an member or student, or the immediate family member of the member or student, holds a direct financial interest or a material indirect financial interest in the client.
- (b) A member or student shall not participate on the engagement team for an assurance client if the member or student, or the immediate family of the member or student, holds, as trustee, a direct financial interest or a material indirect financial interest in the client.
- (1.1) Notwithstanding Rules 204.4(1)(a) and (b), if the assurance client is a co-operative, credit union or caisse populaire; a social club, such as a golf club or curling club; or a similar organization, the financial interest in the assurance client held, either personally or as a trustee, by a member or student or an immediate or close family member of the member or student shall not preclude the member or student from participating on the engagement team provided that:
  - (a) such a financial interest is restricted to the minimum amount that is a prerequisite of membership;
  - (b) the assets of the organization cannot by virtue of the organization's by-laws be distributed to the individual members of the organization other than as patronage dividends or in circumstances of forced liquidation or expropriation, unless there is a written undertaking with the organization to forfeit entitlement to such distributed assets; and
  - (c) the member, student or immediate or close family member:
    - (i) does not serve on the governing body or as an officer of the organization;
    - (iii) does not have the right or responsibility to exercise significant influence over the financial or accounting policies of the organization or any of its associates;
    - (iv) does not exercise any right derived from membership to vote at meetings of the organization; and
    - (v) cannot dispose of the financial interest for gain.
- (2) (a) A member or firm shall not perform an assurance engagement for an entity if the member or firm holds a direct financial interest or material indirect financial interest in the entity.

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- (b) A member or firm shall not perform an audit or review engagement for an entity if the member, firm or a network firm, has a direct financial interest or a material indirect financial interest in the entity.
- (2.1) Notwithstanding Rules 204.4(2)(a) and (b), if an assurance client is a co-operative, credit union or caisse populaire; a social club, such as a golf club or curling club; or a similar organization, the financial interest in the entity held by a member or firm, or in the case of an audit or review engagement, a member, firm or a network firm, shall not preclude the member or firm from performing an assurance or audit or review engagement, as the case may be, for the entity, provided that:
- (a) such a financial interest is restricted to the minimum amount that is a prerequisite of membership;
  - (b) the assets of the organization cannot by virtue of the organization's by-laws be distributed to the individual members of the organization other than as patronage dividends or in circumstances of forced liquidation or expropriation, unless there is a written undertaking with the organization to forfeit entitlement to such distributed assets; and
  - (c) the member, firm or network firm, as the case may be:
    - (i) does not serve on the governing body or as an officer of the organization;
    - (ii) does not have the right or responsibility to exercise significant influence over the financial or accounting policies of the organization or any of its associates;
    - (iii) does not exercise any right derived from membership to vote at meetings of the organization; andcannot dispose of the financial interest for gain.
- (3) A member or firm shall not perform an audit or review engagement for an entity if a pension or other retirement plan of the firm or network firm has a direct financial interest or a material indirect financial interest in the entity.
- (4) A member who is a partner of a firm and who holds, or whose immediate family member holds, a direct financial interest or a material indirect financial interest in an audit or review client shall not practice in the same office as the lead engagement partner for the client, unless, in the case of a financial interest held by an immediate family member, the financial interest is received as a result of employment and
- (a) the immediate family member does not have the right to dispose of the financial interest or, in the case of a share option, the right to exercise the option; or
  - (b) where such rights are obtained, the financial interest is disposed

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of as soon as is practicable.

- (5) (a) A member who is a partner or managerial employee of a firm and who holds a direct financial interest or a material indirect financial interest in an audit or review client shall not provide a non-assurance service to the client, unless the non-assurance service is clearly insignificant.
- (b) A member who is a partner or managerial employee of a firm whose immediate family member holds, a direct financial interest or a material indirect financial interest in an audit or review client shall not provide a non-assurance service to the client, unless
- (i) the non-assurance service is clearly insignificant; or
  - (ii) the financial interest is received as a result of employment and
    - (A) the immediate family member does not have the right to dispose of the financial interest or, in the case of a share option, the right to exercise the option; or
    - (B) where such rights are obtained, the financial interest is disposed of as soon as is practicable.
- (6) (a) A member or firm shall not perform an audit or review engagement for an entity (the first entity) if the firm or a network firm has a financial interest in a second entity, and the member or firm knows that the first entity or a director, officer or controlling owner of the first entity also has a financial interest in the second entity, unless the respective financial interests of the firm or network firm and the first entity, the director, officer or controlling owner of the first entity are immaterial and the first entity cannot exercise significant influence over the second entity.
- (b) A member or student shall not participate on the engagement team for an audit or review client if the member or student or an immediate family member of the member or student has a financial interest in an entity and the member or student knows that the client or a director, officer or controlling owner of the client also has a financial interest in the entity, unless the respective financial interests of the member or student, or immediate family member, and the client, the director, officer or controlling owner of the client are immaterial and the client cannot exercise significant influence over the entity.
- (7) *Intentionally left blank.*
- (8) *Intentionally left blank.*
- (9) *Intentionally left blank.*



*Loans and guarantees*

- (10)(a) A member or firm shall not perform an assurance engagement for a client if the firm, or a network firm in the case of an audit or review client, has a loan from or has a loan guaranteed by the client, except when the client is a bank or similar financial institution and the loan or guarantee is immaterial to the firm, the network firm, and the client, and the loan or guarantee is made under normal commercial terms and conditions and is in good standing.
- (b) A member or firm shall not perform an assurance engagement for a client that is not a bank or similar financial institution if the firm, or a network firm in the case of an audit or review client, has a loan to the client.
- (c) A member or firm shall not perform an assurance engagement for a client if the firm, or a network firm in the case of an audit or review client, guarantees a loan of the client.
- (11)(a) A member or firm shall not perform an assurance engagement for a client if the firm, or a network firm in the case of an audit or review client, has a loan from or has a loan guaranteed by:
- (i) an officer or director of the assurance client; or
  - (ii) a shareholder of the assurance client who owns more than 10% of the equity securities of the client, unless the shareholder is a bank or similar financial institution and the loan or guarantee is made under normal commercial terms and conditions.
- (b) A member or firm shall not perform an assurance engagement for a client if the firm, or a network firm in the case of an audit or review client, has a loan to or guarantees a loan of:
- (i) an officer or director of the assurance client; or
  - (ii) a shareholder of the assurance client who owns more than 10% of the equity securities of the client.
- (12)(a) A member or student shall not participate on the engagement team for an assurance client where the member or student who has a loan from or has a loan guaranteed by:
- (i) such a client, except a client that is a bank or similar financial institution where the loan or guarantee is made under normal commercial terms and conditions and the loan is in good standing,
  - (ii) an officer or director of the client; or
  - (iii) a shareholder of the client who owns more than 10% of the equity securities of the client, unless the shareholder is a bank or similar financial institution and the loan or guarantee is made under normal commercial terms and conditions.
- (b) A member or student shall not participate on the engagement team for an assurance client where the member or student has a loan to or guarantees the borrowing of:
- (i) such a client that is not a bank or similar financial institution;
  - (ii) an officer or director of the client; or

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- (iii) a shareholder of the client who owns more than 10% of the equity securities of the client.

*Close business relationships*

- (13)(a) A member or firm shall not perform an audit or review engagement for an entity if the firm, or a network firm, has a close business relationship with the entity, a related entity or the management of either, unless the close business relationship is limited to a financial interest that is immaterial and the relationship is clearly insignificant to the firm or network firm and either entity or its management, as the case may be.
- (b) A member or firm shall not perform an assurance engagement that is not an audit or review engagement if the firm has a close business relationship with the assurance client, a related entity or the management of either unless the close business relationship is limited to a financial interest that is immaterial and the relationship is clearly insignificant to the firm and the client, the related entity or the management of either, as the case may be.
- (c) A member or student who has, or whose immediate family member has, a close business relationship with an assurance client, a related entity or the management of either shall not participate on the engagement team for the client unless the close business relationship is limited to a financial interest that is immaterial and the relationship is clearly insignificant to the member, student or immediate family member and the client, the related entity or the management of either, as the case may be.

*Family and personal relationships*

- (14) A member or student shall not participate on the engagement team for an assurance client if the member's or student's immediate family member is an officer or director of the client or a related entity or in a position to exert significant influence over the subject matter of the engagement, or was in such a position during the period covered by the assurance report or the engagement period.
- (15) A member or student shall not participate on the engagement team for an audit client that is a reporting issuer if the member's or student's close family is in an accounting role or a financial reporting oversight role at the client, or was in such a position during any period covered by the engagement.

*Employment or service with a reporting issuer or listed entity audit client*

- (16) A member or firm shall not perform an audit engagement for a reporting issuer or listed entity if:
  - (a) a person who participated in an audit capacity in an audit of the financial statements of the entity performed by the member or firm is an officer or director of the entity or is in a

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financial reporting oversight role unless a period of one year has elapsed from the date that the financial statements were filed with the relevant securities regulator or stock exchange; or

- (b) a person who was the firm's chief executive officer is an officer or director of the entity or is in a financial reporting oversight role, unless a period of one year has elapsed from the date that the individual was the chief executive officer of the firm.

*Recent service with or for an assurance client*

- (17)(a) A member or student shall not participate on the engagement team for an assurance client if the member or student served as an officer or director of the client or a related entity or was in a position to exert significant influence over the subject matter of the engagement during the period covered by the assurance report or the engagement period.

*Temporary loan of staff to an audit or review client*

- (17)(b) A member or firm shall not perform an audit or review engagement for an entity if, during either the period covered by the financial statements subject to audit or review or the engagement period, the member or firm has loaned a member of the firm or a network firm to the entity or a related entity, unless:
  - (i) the loan of any such person or persons is made for only a short period of time;
  - (ii) the loan of any such person or persons is not made on a recurring basis;
  - (iii) the loan of any such person or persons does not result in the person or persons making a management decision or performing a management function or providing any non-assurance services that would otherwise be prohibited by Rules 204.4(22) to (34); and
  - (iv) management of the entity or related entity directs and supervises the work performed by the person or persons.

*Serving as an officer or director of an assurance client*

- (18)(a) A member or firm shall not perform an assurance engagement for an entity if a member or an employee of the firm serves as an officer or director of the entity or a related entity, except for serving as company secretary when the practice is specifically permitted under local law, professional rules or practice, and the duties and functions undertaken are limited to those of a routine and formal administrative nature.

*Serving as an officer or director of an audit or review client*

- (18)(b) A member or firm shall not perform an audit or review engagement for an entity that is not a reporting issuer or listed entity if a member or an employee of the firm or of a network firm serves as an officer or director of the entity or a related entity except for serving as company secretary when the practice is specifically permitted under local law, professional rules or practice, and the duties and functions undertaken are limited to those of a routine and formal administrative nature.

*Serving as an officer or director of a reporting issuer or listed entity audit client*

- (19) A member or firm shall not perform an audit engagement for a reporting issuer or listed entity if a member or an employee of the firm or of a network firm serves as an officer or a director of the reporting issuer or listed entity or a related entity.

*Long association of senior personnel with a reporting issuer or listed entity audit client*

- (20)(a) A member shall not continue as the lead engagement partner or the engagement quality control reviewer with respect to the audit of the financial statements of a reporting issuer or listed entity for more than seven years in total, and shall not thereafter participate in an audit of the financial statements of the reporting issuer or listed entity until a further five years have elapsed.

In the case of an audit engagement of a reporting issuer that is a mutual fund, the lead engagement partner and the engagement quality control reviewer shall not thereafter participate in an audit of the financial statements of the reporting issuer or another reporting issuer that is in the same mutual fund complex as the reporting issuer until a further five years have elapsed.

- (b) A member, who is a key audit partner with respect to the audit of the financial statements of a reporting issuer or listed entity, other than a lead engagement partner or engagement quality control reviewer, shall not continue in such role for more than seven years in total and shall not thereafter participate in an

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audit of the financial statements of the reporting issuer or listed entity until a further two years have elapsed.

In the case of an audit engagement of a reporting issuer that is a mutual fund, such an audit partner shall not thereafter participate in an audit of the financial statements of the reporting issuer or another reporting issuer that is in the same mutual fund complex as the reporting issuer until a further two years have elapsed.

- (c) Notwithstanding paragraph (b), when an audit client becomes a reporting issuer or listed entity, a key audit partner who has served in that capacity for five or more years at the time the client becomes a reporting issuer or listed entity may continue in that capacity for two more years before being replaced as a key audit partner.

*Audit committee approval of services to a reporting issuer or listed entity audit client*

- (21) A member or firm shall not provide a professional service to an audit client that is a reporting issuer or listed entity, or to a subsidiary thereof, without the prior approval of the reporting issuer's or listed entity's audit committee.

*Performance of management functions*

- (22)(a) A member or firm shall not perform an assurance engagement for an entity if, during the period covered by the assurance report or the engagement period, a member of the firm makes a management decision or performs a management function for the entity or a related entity, including:
- (i) authorizing, approving, executing or consummating a transaction;
  - (ii) having or exercising authority on behalf of the entity;
  - (iii) determining which recommendation of the member or firm will be implemented; or
  - (iv) reporting in a management role to those charged with governance of the entity;

unless the management decision or management function is not related to the subject matter of the assurance engagement that is performed by the member or firm.

- (b) A member or firm shall not perform an audit or review engagement for an entity, if a member of the firm or a network firm, during either the period covered by the financial statements subject to audit or review or the engagement period, makes a management decision or performs a management function for the entity or a related entity, including any of the services listed in paragraph 22(a)(i) to (iv), whether or not the management decision or management function is related to the subject matter of the audit or review engagement that is performed by the member or firm.

*Preparation of journal entries and source documents*

(23) A member or firm shall not perform an audit or review engagement for an entity if, during either the period covered by the financial statements subject to audit or review or the engagement period, a member of the firm or a network firm:

- (a) prepares or changes a journal entry, determines or changes an account code or a classification for a transaction or prepares or changes another accounting record, for the entity or a related entity, that affects the financial statements subject to audit or review by the member or firm, without obtaining the approval of management of the entity; or
- (b) prepares a source document or originating data, or makes a change to such a document or data underlying such financial statements.

*Preparation of accounting records and financial statements for a reporting issuer or listed entity audit client*

(24) A member or firm shall not perform an audit engagement for a reporting issuer or listed entity if, in other than emergency situations, during either the period covered by the financial statements subject to audit or the engagement period, the member, firm, a network firm or a member of the firm or a network firm provides accounting or bookkeeping services related to the accounting records or financial statements including:

- (a) maintaining or preparing the entity's, or related entity's, accounting records;
- (b) preparing the financial statements or preparing financial statements which form the basis of the financial statements on which the audit report is provided; or
- (c) preparing or originating source data underlying such financial statements,  
unless it is reasonable to conclude that the results of these services will not be subject to audit procedures during the audit of such financial statements. In determining whether such a conclusion is reasonable, there is a rebuttable presumption that the results of the accounting or bookkeeping services will be subject to audit procedures.

In the event of an emergency situation, the member or firm may perform the audit and perform such an accounting or bookkeeping service provided:

- (i) those who provide the service are not members of the engagement team for the audit;
- (ii) the provision of the service in such circumstances is not expected to recur;

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- (iii) the provision of the service would not lead to any members of the firm or a network firm making decisions or judgments which are properly the responsibility of management; and
- (iv) the provision of the service receives the prior approval of the audit committee of the reporting issuer or listed entity in accordance with the provisions of Rule 204.4(21).

*Provision of valuation services to an audit or review client that is not a reporting issuer or listed entity*

- (25)(a) A member or firm shall not perform an audit or review engagement for an entity if, during either the period covered by the financial statements subject to audit or review or the engagement period, the member, the firm, a network firm or a member of the firm or a network firm, provides a valuation service to the entity or a related entity where the valuation involves a significant degree of subjectivity and relates to amounts that are material to the financial statements subject to audit or review by the member or firm, unless the valuation is performed for tax purposes only and relates to amounts that will affect such financial statements only through accounting entries related to taxation.

*Provision of valuation services to a reporting issuer or listed entity audit client*

- (25)(b) A member or firm shall not perform an audit engagement for a reporting issuer or listed entity if, during either the period covered by the financial statements subject to audit or the engagement period, the member, the firm, a network firm or a member of the firm or a network firm, provides a valuation service to the client or a related entity, unless:
- (i) the valuation is performed for tax purposes only and relates to amounts that will affect such financial statements only through accounting entries related to taxation, or
  - (ii) it is reasonable to conclude that the results of that service will not be subject to audit procedures during the audit of the financial statements. In determining whether such a conclusion is reasonable, there is a rebuttable presumption that the results of the valuation service will be subject to audit procedures.

*Provision of actuarial services to a reporting issuer or listed entity audit client*

- (26)A member or firm shall not perform an audit engagement for a reporting issuer or listed entity if, during either the period covered by the financial statements subject to audit or the engagement period, the member, the firm, a network firm or a member of the firm or network firm, provides an actuarial service to the client or a related entity, unless it is reasonable to conclude that the results of that service will not be subject to audit procedures during the audit of the financial statements. In determining whether such a conclusion is

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reasonable, there is a rebuttable presumption that the results of the actuarial service will be subject to audit procedures.

*Provision of internal audit services to an audit or review client*

- (27)(a) A member or firm shall not perform an audit or review engagement for an entity if, during either the period covered by the financial statements subject to audit or review or the engagement period, the member, the firm or a network firm or a member of the firm or network firm provides an internal audit service to the entity or a related entity unless, with respect to the entity for which the internal audit service is provided:
- (i) the entity designates an appropriate and competent resource within senior management to be responsible for internal audit activities and to acknowledge responsibility for designing, implementing and maintaining internal controls;
  - (ii) the entity or its audit committee reviews, assesses and approves the scope, risk and frequency of the internal audit services;
  - (iv) the entity's management evaluates the adequacy of the internal audit services and the findings resulting from their performance;
  - (iv) the entity's management evaluates and determines which recommendations resulting from the internal audit services to implement and manages the implementation process; and
  - (v) the entity's management reports to the audit committee the significant findings and recommendations resulting from the internal audit services.

*Provision of internal audit services to a reporting issuer or listed entity audit client*

- (27)(b) A member or firm shall not perform an audit engagement for a reporting issuer or listed entity if, during either the period covered by the financial statements subject to audit or the engagement period, the member, the firm, a network firm or a member of the firm or network firm, provides an internal audit service to the client or a related entity, that relates to the client's, or the related entity's, internal accounting controls, financial systems or financial statements unless it is reasonable to conclude that the results of that service will not be subject to audit procedures during the audit of the financial statements. In determining whether such a conclusion is reasonable, there is a rebuttable presumption that the results of the internal audit service will be subject to audit procedures.

*Provision of information technology systems services to an audit or review client*

- (28)(a) A member or firm shall not perform an audit or review engagement for an entity if, during either the period covered



by the financial statements subject to audit or review or the engagement period, the member, the firm, a network firm or a member of the firm or network firm provides a financial information systems design or implementation service to the entity or a related entity where the service involves the design or implementation of all or part of a financial information technology system that either generates information that is significant to the accounting records or financial statements subject to audit or review by the member or firm, or forms a significant part of either entity's internal controls that are relevant to the financial statements that are subject to audit or review by the member or firm, unless, with respect to the entity for which the information technology service is provided:

- (i) the entity acknowledges its responsibility for establishing and monitoring a system of internal controls;
- (ii) the entity assigns the responsibility to make all management decisions with respect to the design and implementation of the hardware or software system to a competent employee, preferably within senior management;
- (iii) the entity makes all management decisions with respect to the design and implementation process;
- (iv) the entity evaluates the adequacy and results of the design and implementation of the system; and
- (v) the entity is responsible for operating the hardware or software system and for the data it uses or generates.

(28)(b) A member or firm shall not perform an audit engagement for a reporting issuer or listed entity if, during either the period covered by the financial statements subject to audit or the engagement period, the member, the firm, a network firm or a member of the firm or network firm provides financial information systems design or implementation services and the services involve:

- (i) directly or indirectly operating, or supervising the operation of, the entity's or a related entity's information system, or managing the entity's or a related entity's local area network; or
- (ii) designing or implementing a hardware or software system that aggregates source data underlying the financial statements or generates information that is significant to the entity's or a related entity's financial statements or other financial information systems taken as a whole;

unless it is reasonable to conclude that the results of these services will not be subject to audit procedures during an audit of the financial statements. In determining whether such a conclusion is reasonable, there is a rebuttable presumption that the results of the financial information systems design and implementation services will be subject to audit procedures.

*Provision of litigation support services to an audit or review client*

(29)(a) A member or firm shall not perform an audit or review engagement for a client if, during either the period covered by

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the financial statements subject to audit or review or the engagement period, the member, the firm, a network firm or a member of the firm or network firm, provides a litigation support service for the entity or a related entity, or for a legal representative thereof, for the purpose of advancing the entity's or related entity's, interest in a civil, criminal, regulatory, administrative or legislative proceeding or investigation with respect to an amount or amounts that are material to the financial statements subject to audit or review by the member or firm.

*Provision of litigation support services to a reporting issuer or listed entity audit client*

- (29)(b) A member or firm shall not perform an audit engagement for a reporting issuer or listed entity if, during either the period covered by the financial statements subject to audit or the engagement period, the member, the firm, a network firm or a member of the firm or network firm, provides a litigation support service for the entity or a related entity, or for a legal representative thereof, for the purpose of advancing the entity's or related entity's, interest in a civil, criminal, regulatory, administrative or legislative proceeding or investigation.

*Provision of legal services to an audit or review client*

- (30) A member or firm shall not perform an audit or review engagement for an entity if, during either the period covered by the financial statements subject to audit or review or the engagement period, the member, the firm, a network firm or a member of the firm or network firm provides a legal service to the entity or a related entity in the resolution of a dispute or litigation in circumstances where the matters in dispute or subject to litigation are material in relation to such financial statements.

*Provision of legal services to a reporting issuer or listed entity audit client*

- (31) A member or firm shall not perform an audit engagement for a reporting issuer or listed entity if, during either the period covered by the financial statements subject to audit or the engagement period, the member, the firm, a network firm or a member of the firm or network firm, provides a legal service to the entity or a related entity.

*Human resource services for a reporting issuer or listed entity audit client*

- (32) A member or firm shall not perform an audit engagement for a reporting issuer or listed entity if, during either the period covered by the financial statements subject to audit or the engagement period, the member, the firm, a network firm or a member of the firm or network firm, provides any of the following services to the entity or a related entity:
- (a) searching for or seeking out prospective candidates for management, executive or director positions;
  - (b) engaging in psychological testing, or other formal testing or evaluation programs;

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- (c) undertaking reference checks of prospective candidates for an executive or director position;
- (d) acting as a negotiator or mediator with respect to employees or future employees with respect to any condition of employment, including position, status or title, compensation or fringe benefits; or
- (e) recommending or advising with respect to hiring a specific candidate for a specific job.

*Provision of corporate finance and similar to an audit or review client*

- (33) A member or firm shall not perform an audit or review engagement for an entity if, during the period covered by the financial statements subject to audit or review or the engagement period, the member, the firm, a network firm or a member of the firm or network firm, provides any of the following services:
- (a) promoting, dealing in or underwriting the entity's or a related entity's securities;
  - (b) advising the entity or a related entity on other corporate finance matters where:
    - (i) the effectiveness of the advice depends on a particular accounting treatment or presentation in the financial statements;
    - (ii) the outcome or consequences of the advice has or will have a material effect on the financial statements; and
    - (iii) the engagement team has reasonable doubt as to the appropriateness of the related accounting treatment or presentation under the relevant financial reporting framework;
  - (c) making investment decisions on behalf of the entity or a related entity or otherwise having discretionary authority over the entity's or a related entity's investments;
  - (d) executing a transaction to buy or sell the entity's or a related entity's investments; or
  - (e) having custody of assets of the entity or a related entity, including taking temporary possession of securities purchased by the entity or a related entity.

*Provision of tax planning or other tax advisory services to an audit or review client*

- (34)(a) A member or firm shall not perform an audit or review engagement for a client if, during either the period covered by the financial statements subject to audit or review or the engagement period, the member, the firm, a network firm or a member of the firm or a network firm, provides tax planning or other tax advice to the client or a related entity, where:
- (i) the effectiveness of the advice depends on a particular accounting treatment or presentation in the financial statements;
  - (ii) the outcome or consequences of the advice has or will have a material effect on the financial statements; and
  - (iii) the engagement team has reasonable doubt as to the

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appropriateness of the related accounting treatment or presentation under the relevant financial reporting framework.

*Provision of tax calculations for the purpose of preparing accounting entries for a reporting issuer or listed entity*

- (34)(b) A member or firm shall not perform an audit engagement for a reporting issuer or listed entity if, in other than emergency situations, during either the period covered by the financial statements subject to audit or the engagement period, the member, the firm, a network firm or a member of the firm or a network firm, prepares tax calculations of current and future tax liabilities or assets for the reporting issuer or listed entity or a related entity for the purpose of preparing accounting entries that are subject to audit by the member or firm.

In the event of an emergency situation, the member or firm may perform the audit and perform such a tax service provided:

- (i) those who provide the service are not members of the audit engagement team;
- (ii) the provision of the service in such circumstances is not expected to recur;
- (iii) the provision of the service would not lead to any members of the firm or a network firm making decisions or judgments which are properly the responsibility of management; and
- (iv) the provision of the service receives the prior approval of the audit committee of the reporting issuer or listed entity in accordance with the provisions of Rule 204.4(21).

*Provision of non-assurance services prior to commencement of audit or review services*

- (35)(a) Where a member, firm, a network firm or a member of the firm or a network firm has provided a non-assurance service referred to in Rules 204.4(22) to (34) to a client prior to the engagement of the member or firm to perform an audit or review engagement for the client but during or after the period covered by the financial statements subject to audit or review by the member or firm, the member or firm shall not perform the audit or review engagement unless the particular non-assurance service was provided before the engagement period and the member or firm:
- (i) discusses independence issues related to the provision of the non-assurance service with the audit committee;
  - (ii) requires the client to review and accept responsibility for the results of the non-assurance service; and
  - (iii) precludes personnel who provided the non-assurance service from participating in the audit or review engagement,

such that any threat created by the provision of the non-assurance service is reduced to an acceptable level.

*Provision of previous non-assurance services to an entity that has become a reporting issuer or listed entity*

- (35)(b) Where a member, firm, a network firm or a member of the firm or a network firm has performed a non-assurance service referred to in Rules 204.4 (22) to (34) for an audit or review client that has become a reporting issuer or listed entity and the provisions of Rules 204.4(22) to (34) would have precluded the member or firm from performing an audit engagement for a reporting issuer or listed entity, the member or firm shall not perform an audit engagement for the client unless the member or firm
- (i) discusses independence issues related to the provision of the non-assurance service with the audit committee;
  - (ii) requires the client to review and accept responsibility for the results of the non-assurance service; and
  - (iii) precludes personnel who provided the non-assurance service from participating in the audit engagement, such that any threat to independence created by the provision of the non-assurance service is reduced to an acceptable level.

*Pricing*

- (36) A member or firm shall not provide an assurance service for a fee that the member or firm knows is significantly lower than that charged by the predecessor member or firm, or contained in other proposals for the engagement, unless the member or firm can demonstrate:
- (a) that qualified members of the firm have been assigned to the engagement and will devote the appropriate time to it; and
  - (b) that all applicable assurance standards, guidelines and quality control procedures have been followed.

*Relative size of fees of a reporting issuer or listed entity audit client*

- (37)(a) A member or firm shall not perform an audit engagement for a reporting issuer or listed entity when the total revenue, calculated on an accrual basis, for any services provided to the client and its related entities for the two consecutive fiscal years of the firm most recently concluded prior to the date of the financial statements subject to audit by the member or firm, represent more than 15% of the total revenue of the firm, calculated on an accrual basis, in each such fiscal year, unless:
- (i) the member or firm discloses to the audit committee the fact that the total of such revenue represents more than 15% of the total revenue of the firm, calculated on an accrual basis, in each of those fiscal years; and
  - (ii) another professional accountant who is not a member of the firm performs a review, that is substantially equivalent to an engagement quality control review, of the audit engagement, either

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- (A) prior to the audit opinion in respect of the financial statements being issued, or
- (B) subsequent to the audit opinion in respect of the financial statements being issued but prior to the audit opinion on the client's financial statements for the immediately following fiscal period being issued.

Thereafter, when the total revenue, calculated on an accrual basis, for any services provided to the client and its related entities continue to represent more than 15% of the total revenue of the firm, calculated on an accrual basis, in the firm's most recently concluded prior fiscal year, the member or firm shall not perform the audit unless the requirements of paragraphs (37)(a)(i) and (ii)(A) are met.

- (37)(b) A member shall not perform the review required by Rule 204.4(37)(a)(ii) if the member or the member's firm would be prohibited, pursuant to any provision of Rule 204, from performing an audit of the financial statements referred to in Rule 204.4(37)(a).

### *Evaluation or compensation of partners*

(38)A member who is or was a key audit partner shall not be evaluated or compensated based on the member's solicitation or sales of non-assurance services to the particular client or a related entity if such solicitation or sales occurred during the period during which the member is or was a key audit partner.

### *Gifts and hospitality*

(39)A member or student who participates on an engagement team for an assurance client and the member's or student's firm shall not accept a gift or hospitality, including a product or service discount, from the client or a related entity, unless the gift or hospitality is clearly insignificant to the member, student or firm, as the case may be.

### *Client mergers and acquisitions*

- (40)(a) A member or firm shall not perform or continue with an audit or review engagement for an entity where, as a result of a merger or acquisition, another entity merges with or becomes a related entity of the audit or review client, and the member or firm has a previous or current activity, interest or relationship with the other entity that would, after the merger or acquisition, be prohibited pursuant to any provision of Rule 204 in relation to the audit or review engagement, unless:
  - (i) the member or firm terminates, by the effective date of the merger or acquisition, any such activity, interest or relationship;
  - (ii) the member or firm terminates, as soon as reasonably possible and, in all cases, within six months following the effective date of the merger or acquisition, any such activity,

- interest or relationship and the requirements of Rule 204.4(40)(b) are met; or
- (iii) the member or firm has completed a significant amount of work on the audit or review engagement and expects to be able to complete the engagement within a short period of time, the member or firm discontinues in the role of audit or review service provider on completion of the current engagement and the provisions of Rule 204.4(40)(b) are met.
- (b) Notwithstanding the existence of the previous or current activity, interest or relationship described in Rule 204.4(40)(a), the provisions of Rule 204.4(40)(a)(ii) and (iii) permit the member or firm to perform or continue with the audit or review engagement provided that:
- (i) the member or firm evaluates and discusses with the audit committee the significance of the threat created by any such activity, interest or relationship and the reasons why the activity, interest or relationship is not terminated or cannot reasonably be terminated by the effective date of the merger or acquisition, or within six months thereof, as the case may be;
  - (ii) the audit committee requests the member or firm to complete the audit or review engagement;
  - (iii) any person involved in any such activity or who has any such interest or relationship will not participate in the audit or review engagement or as an engagement quality control reviewer; and
  - (iv) the member or firm applies an appropriate measure or measures, as discussed with the audit committee, to address the threat created by any such activity, interest or relationship.
- (c) Where the previous or current activity, interest or relationship described in Rule 204.4(40)(a) creates such a significant threat to independence that compliance with the requirements of paragraphs 204.4(40)(a) and (b) would still not reduce any such threat to an acceptable level, the member or firm shall not perform or continue with the audit or review engagement.

#### **204.5 Documentation**

- (a) A member or firm who, in accordance with Rule 204.3, has identified a threat that is not clearly insignificant, shall document a decision to accept or continue the particular engagement. The documentation shall include the following information:
  - (i) a description of the nature of the engagement;
  - (ii) the threat identified;
  - (iii) the safeguard or safeguards identified and applied to eliminate the threat or reduce it to an acceptable level; and
  - (iv) an explanation of how, in the member's or firm's professional judgment, the safeguards eliminate the threat or reduce it to an acceptable level.
- (b) A member or firm who, in an emergency situation, provides an accounting or bookkeeping service to a reporting issuer or listed entity audit client in accordance with the requirements of Rule

204.4(24) shall document both the rationale supporting the determination that the situation constitutes an emergency and that the member or firm has complied with the provisions of subparagraphs (i) through (iv) of the Rule.

- (c) A member or firm who, in an emergency situation, prepares tax calculations of current and future income tax liabilities or assets for a reporting issuer or listed entity audit client in accordance with the requirements of Rule 204.4(34)(b), for the purpose of preparing accounting entries that are subject to audit by the member or firm shall document both the rationale supporting the determination that the situation constitutes an emergency and that the member or firm has complied with the provisions of subparagraphs (i) through (iv) of the Rule.
- (d) A member or firm who, in accordance with the requirements of Rule 204.4(35)(a), performs an audit or review engagement for a client where the member, firm, a network firm or a member of the firm or a network firm has provided a non-assurance service referred to in Rules 204.4(22) to (34) to the client prior to the engagement period but during or after the period covered by the financial statements subject to audit or review by the member or firm, shall document:
  - (i) a description of the previously provided non-assurance service;
  - (ii) the results of the discussion with the audit committee;
  - (iii) any further measures applied to address the threat created by the provision of the previous non-assurance service; and
  - (iv) the rationale to support the decision of the member or firm.
- (e) A member or firm who, in accordance with the requirements of Rules 204.4(35)(b), performs an audit engagement for a client that has become a reporting issuer or listed entity where the member, the firm, a network firm or a member of the firm or a network firm provided a non-assurance service to the client prior to it having become a reporting issuer or listed entity and the provisions of Rules 204.4(22) to (34) would have precluded the member or firm from performing an audit engagement for a reporting issuer or listed entity, shall document:
  - (i) a description of the non-assurance service;
  - (ii) the results of the discussion with the audit committee;
  - (iii) any further measures applied to address the threat created by the provision of the non-assurance service; and
  - (iv) the rationale to support the decision of the member or firm.
- (f) A member or firm who, in accordance with the requirements of Rules 204.4(40)(a) and (b), performs or continues with an audit or review engagement where, as a result of a merger or acquisition, another entity merges with or becomes a related entity of the audit or review client, and the member or firm has a previous or current activity, interest or relationship with the other entity that would, after the merger or acquisition, be prohibited pursuant to any provision of Rule 204 in relation to the audit or review engagement, shall document:
  - (i) a description of the activity, interest or relationship that will not be terminated by the effective date of the merger or acquisition and the reasons why it will not be terminated;



- (ii) the results of the discussion with the audit committee and measures applied to address the threat created by any such activity, interest or relationship; and
- (iii) the rationale to support the decision of the member or firm.

**204.6 Members Must Disclose Prohibited Interests and Relationships**

A member or student who has a relationship or interest, or who has provided a professional service, that is precluded by this Rule shall advise in writing a designated partner of the firm of the interest, relationship or service.

A member or student who has been assigned to an engagement team for an assurance client shall advise, in writing, a designated partner of the firm of any interest, relationship or activity that would preclude the person from being on the engagement team.

#### **204.7 Firms To Ensure Compliance**

A firm that performs an assurance engagement shall ensure that members of the firm do not have a relationship or interest, do not perform a service and remain free of any influence that would preclude the firm from performing the engagement pursuant to Rules 204.1, 204.3, 204.4 or 204.8.

*(Note this rule assumes discipline of firms – the alternate rule applying to members is below)*

#### **204.7 Firms To Ensure Compliance**

A member who is a partner or proprietor of a firm, or a member whose professional corporation is a partner or proprietor of a firm, shall ensure that the firm complies with Rules 204.1, 204.3, 204.4 and 204.8 and that members of the firm do not have a relationship or interest, do not perform a service and remain free of any influence that would preclude the firm from performing the engagement pursuant to Rules 204.1, 204.3, 204.4 or 204.8.

#### **204.8 Independence: Insolvency Engagements**

A member or firm who engages or participates in an engagement to act in any aspect of insolvency practice, including as a trustee in bankruptcy, a liquidator, a receiver or a receiver-manager, shall be and remain independent such that the member, firm and members of the firm shall be and shall remain free of any influence, interest or relationship which, in respect of the engagement, impairs the professional judgment or objectivity of the member, firm or member of the firm or which, in the view of a reasonable observer, would impair the professional judgment or objectivity of the member, firm or member of the firm.

#### **204.9 Disclosure of Impaired Independence**

A member or firm engaged in the practice of public accounting or any related business or practice, who provides a service not subject to the requirements of Rules 204.1 to 204.7, shall disclose any activity, interest or relationship which, in respect of the engagement, would be seen by a reasonable observer to impair the member's or firm's independence such that the professional judgment or objectivity of the member, firm or member of the firm would appear to be impaired, and such disclosure shall be made in the member's or firm's written report or other written communication accompanying financial statements or financial or other information and the disclosure shall indicate the nature of the activity or relationship and the nature and extent of the interest.

**205 False or misleading documents and oral representations**

A member, student or firm shall not

- (a) sign or associate with any letter, report, statement, representation or financial statement which the member, student or firm knows, or should know, is false or misleading, whether or not the signing or association is subject to a disclaimer of responsibility, nor
- (b) make or associate with any oral report, statement or representation which the member, student or firm knows, or should know, is false or misleading

**206 Compliance With Professional Standards**

- .1 A member or firm engaged in the practice of public accounting shall perform professional services in accordance with generally accepted standards of practice of the profession.
- .2 A member who has responsibility for the preparation or approval of the general purpose financial statements of an entity shall ensure those financial statements are presented fairly in accordance with generally accepted accounting principles or such other accounting principles as may be required in the circumstances.
- .3 A member who, as a member of an entity's audit committee or board of directors, is required to participate in the review or approval of the entity's general purpose financial statements by such committee or board, shall carry out that responsibility with the care and diligence of a competent Chartered Professional Accountant, enhanced by the skills and knowledge derived from the member's own career.

**207 Unauthorized benefits**

A member or student shall not, in connection with any transaction involving a client or an employer, and a firm shall not, in connection with any transaction involving a client, hold, receive, bargain for, become entitled to or acquire, directly or indirectly, any fee, remuneration or benefit for personal advantage or for the advantage of a third party without the knowledge and consent of the client or employer, as the case may be.

**208 Confidentiality of information**

- .1 A member, student or firm shall not disclose any confidential information concerning the affairs of any client, former client, employer or former employer except:
  - (a) when properly acting in the course of carrying out professional duties;
  - (b) when such information should properly be disclosed for purposes of Rule 211 or Rule 302;
  - (c) when such information is required to be disclosed by order of lawful authority or, in the proper exercise of their duties, by the Council, the professional conduct committee or any subcommittee thereof, the discipline committee, the appeal committee, or the practice inspection committee;
  - (d) when justified in order to defend the member, student or firm or any associates or employees of the member, student or firm, as the case may be, against any lawsuit or other legal proceeding

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or against alleged professional misconduct or in any legal proceeding for recovery of unpaid professional fees and disbursements, but only to the extent necessary for such purpose; or

(e) when the client, former client, employer or former employer, as the case may be, has consented to such disclosure.

**.2** A member, student or firm shall not use confidential information of any client, former client, employer or former employer, as the case may be, obtained in the course of professional work for such client or employer

- (a) for the advantage of the member, student or firm,
- (b) for the advantage of a third party, or
- (c) to the disadvantage of such client or employer

without the knowledge and consent of the client, former client, employer or former employer.

**.3** A member or firm engaged to perform a particular service may contract for the services of a person not employed by the member or firm to assist in the performance of that service, provided the member or firm first obtains the written agreement of that person to carefully and faithfully preserve the confidentiality of any information acquired for the purposes of the engagement and not to make use of such information other than as shall be required in the performance of such services.

**209 Borrowing from clients**

**.1** A member, student or firm shall not, directly or indirectly, borrow from or obtain a loan or guarantee from a client unless either

- (a) the loan or guarantee has been made under normal commercial terms and conditions, and
  - (i) the client is a bank or similar financial institution whose business includes lending money to the public; or
  - (ii) the client is a person or entity, a significant portion of whose business is the private lending of money;

or

- (b) (i) in the case of a member or student, the client is a family member or an entity over which a family member exercises significant influence; or
- (ii) in the case of a firm, the client is a family member of a partner or shareholder of the firm or an entity over which a family member of a partner or shareholder of the firm exercises significant influence.

**.2** Rule 209.1 does not apply to:

- (a) the financing of a bona fide business venture between a member, student or firm and a client that is not an assurance client

- (b) amounts received from a client as a retainer or as a deposit on account of future services to be provided by the member, student or firm; or
  - (c) a loan received from a member's or student's employer.
- .3 For purposes of Rule 209.1, a client includes a person or entity who has, within the previous two years, engaged the member or firm to provide a service and who relies on membership in CPA Ontario as giving the member or firm particular competence to provide that service.

## **210 Conflict of Interest**

- .1 A member or firm engaged in the practice of public accounting or in a related business or practice shall, before accepting any professional engagement, determine whether there is any restriction, influence, interest or relationship which, in respect of the proposed engagement, would cause a reasonable observer to conclude that there will be a conflict as contemplated by Rule 210.2.
- .2 Subject to the provisions of Rule 210.3, a member, student or firm shall not accept, commence or continue any engagement to provide professional services to any client in circumstances where a reasonable observer would conclude that the member, student or firm:
- (a) is in a position or has placed any person in a position where any of their interests conflicts with the interest of a client; or
  - (b) is in a position where the duty owed to one client creates a professional or legal conflict with the duty owed by the member, student or firm to another client.
- .3 Where the acceptance of a proposed engagement would result in a conflict under Rule 210.2 or where a previously unidentified conflict under Rule 210.2 arises or is discovered in the course of an existing engagement or engagements, the member or firm must decline the proposed engagement, or withdraw from all existing engagements that are affected, unless:
- (a) (i) the member or firm is able to rely upon conflict management techniques that are generally accepted and the use of such techniques will not breach the terms of an engagement with or duty to another client;
  - (ii) the member or firm informs all affected clients of the existence of the conflict and the techniques that will be used to manage it; and
  - (iii) the member or firm obtains the consent of all affected clients to accept or continue the engagement or engagements; or

(b) the affected clients have knowledge of the conflict and their consent for the member or firm to accept or continue the engagement is implied by their conduct, in keeping with common commercial practice.

.4 For purposes of Rule 210, a client includes any person or entity for whom the member, student or firm, or any other person engaged in the practice of public accounting or a related business or practice in association with the member, student or firm, provides or is engaged to provide a professional service.

## **211 Duty to report breach of rules of professional conduct**

.1 A member or firm shall promptly report to CPA Ontario any information concerning an apparent breach of these rules of professional conduct, or any information raising doubt as to the competence, reputation or integrity of a member, student, applicant or firm, unless such disclosure would result in

- (a) the breach of a statutory duty not to disclose, or
- (b) the reporting of information by a member or firm exempted from this rule for the purpose and to the extent specified by Council, or
- (c) the loss of solicitor-client privilege, or
- (d) the reporting of a matter that has already been reported, or
- (e) the reporting of a trivial matter.

.2 A member or firm required to report under Rule 211.1 and who is engaged, or is in consultation with a view to being engaged, with respect to a civil or criminal investigation need not report to CPA Ontario any information obtained in the course of such engagement or consultation concerning an apparent breach of these rules of professional conduct or any information raising doubt as to the competence, reputation or integrity of a member, student, applicant or firm until such time as

- (a) the client has consented to the release of the information, or
- (b) the member or firm becomes aware that the information is known to third parties other than legal advisors, or
- (c) it becomes apparent to the member or firm that the information will not become known to third parties other than legal advisors.

### **212.1 Handling of trust funds and other property**

A member or student who, or a firm that, receives, handles or holds money or other property as a trustee, receiver or receiver/manager, guardian, administrator/manager or liquidator shall do so in accordance with the terms of the engagement, including the terms of any applicable trust, and the law relating thereto and shall maintain such records as are necessary to account properly for the money or other property; unless otherwise provided for by the terms of the trust, money held in trust shall be kept in a separate trust bank account or accounts.

### **.2 Handling property of others**

A member, student or firm in the course of providing professional services shall handle with due care any entrusted property.

### **213 Unlawful activity**

A member, student or firm shall not knowingly associate with any unlawful activity.

### **214 Fee quotations**

A member or firm shall not quote a fee for any professional engagement unless adequate information has been obtained about the engagement.

### **215 Contingent fees**

- .1** A member or firm engaged in the practice of public accounting or in a related business or practice shall not offer or engage to perform a professional service for a fee payable only where there is a specified determination or result of the service, or for a fee the amount of which is to be fixed, whether as a percentage or otherwise, by reference to the determination or result of the service, where the service is
  - (a) one in respect of which professional standards or rules of conduct require that the member be and remain free of any influence, interest or relationship which, in respect of the engagement, impairs the member's professional judgment or objectivity or which, in the view of a reasonable observer, would impair the member's professional judgment or objectivity; or
  - (b) a compilation engagement.
- .2** Rule 215.1 does not apply to a professional service for a fee fixed by a court or other public authority or to a professional service in respect of any aspect of insolvency practice, including acting as a trustee in bankruptcy, a liquidator, a receiver or a receiver-manager.
- .3** Other than in respect of an engagement described in Rule 215.1, a member or firm engaged in the practice of public accounting or in a



related business or practice may offer or engage to perform a professional service for a fee payable only where there is a specified determination or result of the service, or for a fee the amount of which is to be fixed, whether as a percentage or otherwise, by reference to the determination or result of the service, provided:

- (a) the fee arrangement does not constitute an influence, interest or relationship which impairs or, in the view of a reasonable observer, would impair the professional judgment or objectivity of the member or a partner of the member in respect of an engagement described in Rule 215.1(a); or
- (b) the fee arrangement is not one which influences, or in the view of a reasonable observer would influence, the result of a compilation engagement performed by the member or a partner of the member for the same client; and
- (c) the client has agreed in writing to the basis for determining the fee before the completion of the engagement.

## **216 Payment or receipt of commissions**

Other than in relation to the sale and purchase by a member or firm of an accounting practice, a member or firm engaged in the practice of public accounting or a student while employed by a member or firm engaged in the practice of public accounting shall not directly or indirectly pay to any person who is not an employee of the member or firm or who is not a public accountant a commission or other compensation to obtain a client, nor shall the member, student or firm accept directly or indirectly from any person who is not a public accountant a commission or other compensation for a referral to a client of products or services of others.

### **217.1 Advertising and promotion**

A member or firm may advertise or seek publicity for the member's or firm's services, achievements or products and may seek to obtain new engagements and clients by various means, but shall not do so, directly or indirectly, in any manner

- (a) which the member or firm knows, or should know, is false or misleading or which includes a statement the contents of which the member or firm cannot substantiate;
- (b) which makes unfavourable reflections on the competence or integrity of the profession or any member or firm; or
- (c) which otherwise brings disrepute on the profession.

**.2 Solicitation**

Notwithstanding Rule 217.1, a member or firm shall not, either directly or through a party acting on behalf of and with the knowledge of the member, solicit, in a manner that is persistent, coercive or harassing, any professional engagement.

**.3 Endorsements**

A member or firm may advertise or endorse any product or service of another person or entity that the member or firm uses or otherwise has an association with, provided the member or firm has sufficient knowledge or expertise to make an informed and considered assessment of the product or service. However, in doing so

- (a) the member or firm must act with integrity and due care;
- (b) the member or firm must be satisfied that the endorsement
  - (i) is not false or misleading or does not include a statement the contents of which the member or firm cannot substantiate,
  - (ii) does not make unfavourable reflections on the competence or integrity of the profession or any member or firm, and
  - (iii) does not otherwise bring disrepute on the profession; and
- (c) when associating the CA designation with an endorsement, the member or firm must conduct sufficient appropriate procedures to support the assertions made about the product or service.

**218 Retention of documentation and working papers**

A member or firm shall retain for a reasonable period of time such working papers, records or other documentation which reasonably evidence the nature and extent of the work done in respect of any professional engagement.

**300 – RELATIONS WITH FELLOW MEMBERS AND WITH NON-MEMBERS ENGAGED IN PUBLIC ACCOUNTING**

**301.1 and .2 – repealed December 12, 2002**

**302 Communication with predecessor**

- .1 A member or firm shall not accept an engagement with respect to the practice of public accounting or the public practice of a function not inconsistent therewith, where the member or firm is replacing another member, firm or other public accountant recognized by statutory authority in Ontario, without first communicating with such person or firm and enquiring whether there are any circumstances that should be taken into account which might influence the decision whether or not to accept the engagement.
- .2 An incumbent member or firm shall respond promptly to the communication referred to in Rule 302.1.
- .3 A member or firm responding to a communication pursuant to Rule 302.2 shall inform the possible successor if suspected fraud or other illegal activity by the client was a factor in the member's or firm's resignation, or if, in the member's or firm's view, fraud or other illegal activity by the client may have been a factor in the client's decision to appoint a successor.

**303 Co-operation with successor accountant**

- .1 A member or firm shall upon written request of the client and on a timely basis, supply reasonable and necessary information to the member's or firm's successor. Such co-operation is required with any successor accountant, including a non-member.
- .2 A predecessor member or firm on an engagement shall co-operate with the successor on the engagement. The predecessor shall transfer promptly to the client or, on the client's instructions, to the successor, all property of the client which is in the predecessor's possession. Such property shall be transferred in the medium in which it is maintained by the predecessor, or such other medium that is mutually agreeable, that will facilitate a timely and efficient transfer which best serves the client's interests. Ordinarily, when electronic copies of the property of the client are readily available, the client's interests will be best served when such information is provided as electronic data, rather than in printed form, provided that supplying the information in such form will not violate licensing, copyright or similar legal agreements or proprietary rights.

**304 Joint engagements**

A member or firm accepting an engagement jointly with another member or firm shall accept joint and several responsibility for any portion of the work to be performed by either; no member or firm shall proceed in any matter within the terms of such joint engagement without due notice to the

other member or firm.

**305 Communication of special engagements to incumbent**

- .1 A member or firm engaged in the practice of public accounting shall, before commencing any engagement for a client for which another member or firm is the duly appointed auditor or accountant, first notify such auditor or accountant of the engagement, unless the client makes an unsolicited request, evidenced in writing, that such notification not be given.
- .2 Rule 305.1 applies only where the services to be provided under the terms of the engagement are included in the practice of public accounting.

**306 Responsibilities on accepting engagements**

- .1 A member or firm accepting an engagement, whether by referral or otherwise, from a client of a member or firm having a continuing professional relationship with that client shall not take any action which would tend to impair the position of the other member or firm in the ongoing work with the client.

**.2 Responsibilities on referred engagements**

A member or firm receiving an engagement for services by referral from a member or firm shall not provide or offer to provide any additional services to the referred client without the consent of the referring member or firm; the interest of the client being of overriding concern, the referring member or firm shall not unreasonably withhold such consent.

**400 – ORGANIZATION AND CONDUCT OF A PROFESSIONAL PRACTICE**

**401 Practice names**

A member or firm shall engage in the practice of public accounting, or in the public practice of any function not inconsistent therewith, only under a name or style which

- (a) is not misleading,
- (b) is not self-laudatory,
- (c) does not contravene professional good taste, and
- (d) has been approved in a manner specified by the Council

**402 Use of descriptive styles**

- .1 The practice of public accounting shall be carried on under the descriptive style of either "chartered professional accountant(s)" or "public accountant(s)", unless it forms part of the firm name. Regardless of the functions actually performed, the use of either "chartered professional accountant(s)" or "public accountant(s)" as part of the firm name or as a descriptive style, in offering services to the public, shall be regarded as carrying on the practice of public accounting for the purposes of these rules of professional conduct.
- .2 Notwithstanding Rule 402.1, each office in Ontario of any firm engaged in the practice of public accounting and composed of one or more members sharing proprietary interest with other public accountants who are not professional colleagues\* shall not practise under the style of "chartered professional accountants".

*\*Members are referred to the bylaws definition of "professional colleague" as a member or a member of a provincial body.*

**403 Association with firms**

A member shall not associate in any way with any firm practising as chartered professional accountants in Ontario unless:

- (a) all partners or controlling shareholders resident in Ontario are members, professional corporations or incorporated professionals,
- (b) at least one partner or controlling shareholder is a member, and
- (c) all the partners or controlling shareholders are professional colleagues\* or professional corporations or incorporated professionals provided each such corporation or incorporated

- (d) professional is recognized and approved for the practice of public accounting by the provincial body in the province concerned.

Notwithstanding clause (a), a member may associate with any firm practising as chartered professional accountants in Ontario in which one or more partners as of July 2, 2014 are not members provided that the firm was registered with The Certified General Accountants Association of Ontario on July 2, 2014 and with CPA Ontario by not later than December 31, 2014.  
*New November 27, 2014*

*\*Members are referred to the bylaws definition of "professional colleague" as a member or a member of a provincial body.*

#### **404 Operation of members' offices**

- .1 Each office in Ontario of any member or firm engaged in the practice of public accounting shall be under the personal charge and management of a member who shall normally be accessible to meet the needs of clients during such times as the office is open to the public.
- .2 A member or firm shall not operate a part-time office except in accordance with such terms and conditions established by Council.

#### **405 Office by representation**

A member or firm engaged in the practice of public accounting shall not hold out or imply that the member or firm has an office in any place where the member or firm is in fact only represented by another public accountant or a firm of public accountants and, conversely, a member or firm engaged in the practice of public accounting who only represents a public accountant or a firm of public accountants, shall not hold out or imply that the member or firm maintains an office for such public accountant or such firm.

#### **406 Member responsible for a non-member in practice of public accounting**

A firm or member engaged in the practice of public accounting who is associated in such practice with a non-member shall be responsible to CPA Ontario for any failure of such non-member, in respect of such practice, to abide by the rules of professional conduct of CPA Ontario and in the application of this rule, the rules of professional conduct are deemed to apply as if such non-member were a member.

#### **407 Related business or practice, and member responsible for non-member in such business or practice**

- .1 The rules of professional conduct, except Rule 402.1, shall apply to a member or firm carrying on a related business or practice as if it were the practice of public accounting.

- .2 A member or firm engaged in a practice of public accounting to which another business or practice is related, or engaged in such related business or practice, shall be responsible to CPA Ontario for any failure of a non-member who is associated with such related business or practice and who is under the member's or firm's management or supervision or

with whom the member or firm shares proprietary or other interest in such related business or practice to comply with the rules of professional conduct. In the application of this rule, the rules of professional conduct are deemed to apply as if such related business or practice were the practice of public accounting and such non-member were a member.

- .3 A member may associate with a related business or practice as a proprietor, as a partner, or as a director, officer or shareholder of a corporation and may associate with a non-member for this purpose.
- .4 A related business or practice shall not be designated "chartered professional accountant(s)" or "public accountant(s)".

**408 Association of member with non-members in public practice**

A member or firm shall not associate in any way with a non-member in a practice of public accounting, or in a related business or practice, unless:

- (1) such association maintains the good reputation of the profession and its ability to serve the public interest; and
- (2) such business or practice establishes and maintains policies, procedures and arrangements suitable to ensuring:
  - (a) that every such non-member is knowledgeable of and complies with
    - (i) CPA Ontario's governing legislation, bylaws, regulations and rules of professional conduct; and
    - (ii) the ethical and other regulations applicable to members of a recognized professional organization or regulated body of which the non-member is a member; and
  - (b) that no style of presentation or communication is used which implies that the non-member is a member.

**409 Practice of public accounting in corporate form**

A member or firm shall not associate in any way with any corporation engaged in Canada or Bermuda in the practice of public accounting, except to the extent permitted in clauses (1), (2), (3) and (4) of this rule:

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RULES OF PROFESSIONAL CONDUCT

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- (1) A member or firm may engage to provide to the corporation any of the services included in the practice of public accounting.
- (2) A member, other than a member engaged in the practice of public accounting, may associate with a corporation which provides taxation services involving advice, counsel or interpretation provided such services are only a small part of the corporation's activities.



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RULES OF PROFESSIONAL CONDUCT

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- (3) A member or firm may associate with a professional corporation engaged in the practice of public accounting in Ontario provided such corporation
- (a) is incorporated or continued under the Ontario *Business Corporations Act*, and
  - (b) holds a valid registration certificate under the *Chartered Accountants Act, 2010* and the bylaws of CPA Ontario; and
  - (c) holds a valid certificate of authorization under the *Public Accounting Act, 2004* and the bylaws of CPA Ontario.
- (4) A member or firm may associate with a professional corporation or incorporated professional engaged in the practice of public accounting in a province other than Ontario if the corporation or incorporated professional is recognized and approved for such practice by the provincial body in the province concerned and the corporation or incorporated professional does not engage in the practice of public accounting in Ontario.

Without limiting the generality of the foregoing, a corporation shall be deemed to be engaged in the practice of public accounting even though the corporation provides a service included in the definition of "practice of public accounting" only to another member or firm engaged in the practice of public accounting or to a public accountant.

**500 – RULES OF PROFESSIONAL CONDUCT APPLICABLE ONLY TO FIRMS**

**501 Firm's maintenance of policies and procedures for compliance with professional standards**

A firm shall establish, maintain and uphold appropriate policies and procedures designed to ensure that its services are performed in accordance with generally accepted standards of practice of

- a. the profession, including the Recommendations and Requirements, as appropriate, set out in the *CPA Canada Handbook*; and
- b. the particular business or practice, provided that such standards are not lower than or inconsistent with the generally accepted standards of practice of the profession in which case the generally accepted standards of the profession must be followed.

**502 Firm's maintenance of policies and procedures: competence and conduct of firm members**

A firm shall establish, maintain and uphold appropriate policies and procedures designed to ensure that, in the conduct of the practice, the members and students of CPA Ontario who are associated with the firm and any other employees of the firm or other persons with whom the firm contracts to carry out its professional services comply with the rules of professional conduct, and in particular:

- (a) conduct themselves in a manner which will maintain the good reputation of the profession and its ability to serve the public interest;
- (b) perform their professional services with integrity and due care;
- (c) comply with the independence requirements of CPA Ontario;
- (d) comply with the conflict of interest requirements of CPA Ontario;
- (e) sustain their professional competence and keep informed of and comply with developments in professional standards in all functions in which they practise or are relied on because of their calling;
- (f) ensure only authorized individuals have access to and can authorize the release of financial and confidential information relating to clients;
- (g) do not sign or associate themselves with any letter, report, statement, representation or financial statement which they know or should know is false or misleading, whether or not the signing or association is subject to a disclaimer of responsibility, nor make or associate themselves with any oral report, statement or representation which they know or should know is false or misleading;
- (h) ensure that partners or others who are not professional colleagues, such as head office personnel,
  - (i) cannot supersede decisions of members relating to the performance of client engagements within the definition of the practice of public accounting, and

- (ii) are familiar with and comply with the Act, regulations, bylaws and rules of professional conduct of CPA Ontario; and
- (i) ensure that members of the firm who are members of other professional associations comply with those associations' bylaws and code of ethics.

**503 Association with firms**

A firm engaged in the practice of public accounting shall not associate professionally with any other firm practising as chartered professional accountants in Ontario unless:

- (a) all partners or controlling shareholders of the other firm who reside in Ontario are members,
- (b) at least one partner or controlling shareholder of the other firm is a member, and
- (c) all the partners or controlling shareholders of the other firm are professional colleagues\* or professional corporations or incorporated professionals provided each such corporation or incorporated professional is recognized and approved for the practice of public accounting by the provincial body in the province concerned.

*\*Members are referred to the bylaws definition of "professional colleague" as a member or a member of a provincial body.*

## **APPENDIX A**

FORMER RULE OF PROFESSIONAL CONDUCT 204 (OBJECTIVITY),  
in effect until December 31, 2003

### **204.1 Objectivity – assurance and specified auditing procedures engagements**

A member who engages or participates in an engagement

- (a) to issue a written communication under the terms of any assurance engagement, or
- (b) to issue a report on the results of applying specified auditing procedures

shall be and remain free of any influence, interest or relationship which, in respect of the engagement, impairs the member's professional judgment or objectivity or which, in the view of a reasonable observer, would impair the member's professional judgment or objectivity.

### **.2 Objectivity – insolvency engagements**

A member who engages or participates in an engagement to act in any aspect of insolvency practice, including as a trustee in bankruptcy, a liquidator, a receiver or a receiver-manager, shall be and remain free of any influence, interest or relationship which, in respect of the engagement, impairs the member's professional judgment or objectivity or which, in the view of a reasonable observer, would impair the member's professional judgment or objectivity.

### **.3 Objectivity – Disclosure of Impairment of Objectivity**

Where a member engaged in the practice of public accounting, or in a related business or practice, provides a service not subject to the requirements of Rules 204.1 or 204.2, such member shall disclose any influence, interest or relationship which, in respect of the engagement, would be seen by a reasonable observer to impair the member's professional judgment or objectivity, and such disclosure shall be made in the member's written report, notice to reader or other written communication accompanying financial statements or financial or other information and the disclosure shall indicate the nature of the influence or relationship and the nature and extent of the interest.