

Appendix C

Summary of Changes

New Rule

Part 3 – DC&P and ICFR

We have conformed section 3.3 of the New Rule with the guidance in the New Policy to clarify the circumstances where a non-venture issuer may limit its design of DC&P or ICFR to exclude controls, policies and procedures of a proportionately consolidated entity or variable interest entity in which it has an interest. This change is consistent with the discussions of scope limitations in the companion policies published for comment on April 18, 2008 and March 30, 2007. Subsection 3.3(3) of the New Rule indicates that an issuer must not limit its design of DC&P or ICFR except in circumstances where the certifying officers would not have a reasonable basis for making the representations in the annual or interim certificates because they do not have sufficient access to a proportionately consolidated entity or variable interest entity, as applicable, to design and evaluate controls, policies and procedures carried out by that entity.

New Policy

The New Policy contains expanded guidance on various topics including:

- Compensating controls versus mitigating procedures – Further guidance is provided to indicate that mitigating procedures can reduce financial reporting risks but do not eliminate the existence of the material weakness.
- Weakness in DC&P – Guidance is provided to assist issuers in determining when a weakness in DC&P is significant.
- Self-assessments – Guidance is provided to indicate that, where one certifying officer performs a self-assessment, it is appropriate for the other certifying officer to perform direct testing of the control to enable each officer to have a basis for signing the certificate.
- Business acquisitions – Guidance is provided to indicate that, when determining whether a scope limitation exists for a business acquisition, certifying officers must initially consider whether an acquired business includes risks that could reasonably result in a material misstatement in the issuer's annual filings, interim filings or other reports. The guidance also clarifies that an issuer may present summary financial information on a combined basis in the case of related businesses.