

Appendix B

FORM 1
MFDA FINANCIAL QUESTIONNAIRE AND REPORT

(Firm Name)

(Date)

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MFDA FINANCIAL QUESTIONNAIRE AND REPORT

PART I - ~~AUDITORS' REPORT~~ INDEPENDENT AUDITOR'S REPORT FOR STATEMENTS A, D AND E

TO: The ~~MFDA~~ Mutual Fund Dealers Association of Canada and the MFDA Investor Protection Corporation.

We have audited the ~~following Part I financial~~ accompanying ~~s~~ Statements of _____ (Member), which comprise of: _____ (firm)

Statement A — Statements of assets and of liabilities and shareholder/partner capital as at _____ and _____ ;
(date) (date)

~~Statement B — Statement of risk adjusted capital,~~
~~as at _____ 20___ and _____ 20___;~~
~~(date) (date)~~

~~Statement C — Statement of early warning excess and early warning tests;~~

Statement D — Summary statement of income for the years ended _____ 20___ (date)
and _____ 20___;
(date)

Statement E — Statement of changes in capital and retained earnings (corporations) or undivided profits (partnerships) for the year ended; ~~and~~

_____ (date)
~~Statement F — Statement of changes in subordinated loans for the year ended _____ 20___.~~
~~(date)~~

~~and a summary of significant accounting policies and other explanatory information. These Statements have been prepared by management based upon the financial reporting provisions of the Notes and Instructions to Form 1 prescribed by the Mutual Fund Dealers Association of Canada. These financial statements have been prepared for the purpose of complying with the By-laws, Rules and Policies of the MFDA. These financial statements are the responsibility of the firm's management. Our responsibility is to express an opinion on these financial statements based on our audit.~~

~~We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.~~

~~In our opinion,~~

~~(a) the statements of assets and of liabilities and shareholder/partner capital and the summary statement of income present fairly, in all material respects, the financial position of the firm as at _____ 20___ & _____ 20___ and the results of its operations for _____ (dates) the years then ended in the form required by the MFDA in accordance with the basis of accounting described in the Notes to the Financial Questionnaire and Report.~~

~~(b) the statement of risk adjusted capital, as at _____ 20___ &~~

_____ (date)
_____ 20 _____ and the statements of early warning excess and early warning tests, _____
_____ (date)
changes in capital and retained earnings (corporations) or undivided profits (partnerships), and
changes in subordinated loans, either as at or for the year ended _____ 20 _____
_____ (date)
are presented fairly, in all material respects, in accordance with the applicable instructions of the
MFDA.

Management's Responsibility for the Statements

Management is responsible for the preparation and fair presentation of these Statements in accordance with the financial reporting provisions of the Notes and Instructions to Form 1 prescribed by the Mutual Fund Dealers Association of Canada and for such internal control as management determines is necessary to enable the preparation of Statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these Statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Member's preparation and fair presentation of the Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Member's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Statements present fairly, in all material respects, the financial position of _____ (Member) as at _____ (date) and _____ (date), and the results of its operations for the years then ended in accordance with the financial reporting provisions of the Notes and Instructions to Form 1 prescribed by the Mutual Fund Dealers Association of Canada.

Basis of Accounting and Restriction on Use

Without modifying our opinion, we draw attention to Note _____ (date) to the Statements which describes the basis of accounting. The Statements are prepared to assist _____ (Member) to meet the requirements of the Mutual Fund Dealers Association of Canada. As a result, the Statements may not be suitable for another purpose. Our report is intended solely for _____ (Member), the Mutual Fund Dealers Association of Canada and the MFDA Investor Protection Corporation and should not be used by parties other than _____ (Member), the Mutual Fund Dealers Association of Canada and the MFDA Investor Protection Corporation.

Unaudited Information

We have not audited the information in Statement C Part II, and Lines 1 and 2 in Statement D, of Part I of Form 1 and accordingly do not express an opinion on this information.

[Audit Firm]

[Signature]

[Date]

[Address]

MFDA FINANCIAL QUESTIONNAIRE AND REPORT
FORM 1 – INDEPENDENT AUDITOR’S REPORT FOR STATEMENTS B, C AND F

To: The Mutual Fund Dealers Association of Canada and MFDA Investor Protection Corporation

We have audited the accompanying Statements of Form 1 (the “Statements”) of _____
(Member), which comprise of:

Statement B – Statement of risk adjusted capital as at _____ (date) and _____ (date)

Statement C Part I - Statement of early warning excess as at _____ (date)

Statement F – Statement of changes in subordinated loans for the year ended _____ (date)

These Statements have been prepared by management based on the financial reporting provisions of the Notes and Instructions to Form 1 prescribed by the Mutual Fund Dealers Association of Canada.

Management’s Responsibility for the Statements

Management is responsible for the preparation of the Statements of Form 1 in accordance with the financial reporting provisions of the Notes and Instructions to Form 1 prescribed by the Mutual Fund Dealers Association of Canada, and for such internal control as management determines is necessary to enable the preparation of Statements that are free from material misstatement, whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express an opinion on the Statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Member’s preparation of the Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Member’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial information in Statements B as at _____ (date) and _____ (date), Statement C Part I as at _____ (date) and in Statement F for the year ended _____ (date) is prepared, in all material respects, in accordance with the financial reporting provisions of the Notes and Instructions to Form 1 prescribed by the Mutual Fund Dealers Association of Canada..

Basis of Accounting and Restriction on Use

Without modifying our opinion, we draw attention to Note _____ (note) to the Statements which describes the basis of accounting. The Statements are prepared to assist _____ (Member) to meet the requirements of the Mutual Fund Dealers Association of Canada. As a result, the Statements may not be suitable for another purpose. Our report is intended solely for _____ (Member), the Mutual Fund Dealers Association of Canada and the MFDA Investor Protection Corporation and should not be used by parties other than _____ (Member), the Mutual Fund Dealers Association of Canada and the MFDA Investor Protection Corporation.

[Audit Firm]

[Signature]

[Date]

[Address]

December 11, 2008

~~These financial statements, which have not been, and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are solely for the information and use of the firm, the MFDA and the MFDA Investor Protection Corporation, to comply with the By-laws, Rules and Policies of the MFDA. The financial statements are not intended to be and should not be used by anyone other than the specified users or for any other purpose.~~

~~*{auditing firm name}* *{date}*~~

~~*{signature}* *{place of issue}*~~

PART I -- INDEPENDENT AUDITOR'S REPORTS
NOTES AND INSTRUCTIONS

A measure of uniformity in the form of the auditor's reports is desirable in order to facilitate identification of circumstances where the underlying conditions are different. Therefore, when auditors are able to express an unqualified opinion, their report should take the form of the auditors' report shown above.

~~An alternate form of Auditors' Report is available from the MFDA in the case where the auditor is unable to express an opinion on previous year's figures due to not having been the auditor for the previous year.~~

Any limitations in the scope of the audit must be discussed in advance with the MFDA. Discretionary scope limitations will not be accepted. Any emphasis of matter in the auditor's report must be discussed in advance with the MFDA.

Two copies with original signatures must be provided to the MFDA.

**MFDA FINANCIAL QUESTIONNAIRE AND REPORT
PART II - AUDITORS' REPORT**

~~TO: The MFDA and the MFDA Investor Protection Corporation.~~

~~We have audited Part I of the MFDA Financial Questionnaire and Report ("Part I FQR") of _____ as at _____ and for the year then reported thereon as of _____ (firm) _____ (date) _____ (date).~~

~~The additional information set out in Part II of the MFDA Financial Questionnaire and Report Schedules 1 to 4 ("Part II FQR") have been subjected to the procedures applied in the audit of Part I FQR, and in our opinion, present fairly the information contained therein, in all material respects, in relation to Part I FQR taken as a whole.~~

~~No procedures have been carried out in addition to those necessary to form an opinion on Part I FQR.~~

~~The additional information set out in Part II FQR, which have not been, and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are solely for the information and use of the Company, the MFDA and the MFDA Investor Protection Corporation to comply with the By laws, Rules and Policies of the MFDA. The additional information set out in Part II FQR are not intended to be and should not be used by anyone other than the specified users or for any other purpose.~~

{name of auditing firm} _____ *{date}*

{signature} _____ *{place of issue}*

NOTES:

~~A measure of uniformity in the form of the auditors' report is desirable in order to facilitate identification of circumstances where the underlying conditions are different. Therefore, when auditors are able to express an unqualified opinion, their report should take the above form.~~

~~Any limitations in the scope of the audit must be discussed in advance with the MFDA. Discretionary scope limitations will not be accepted.~~

~~Copies with original signatures must be provided to the MFDA.~~