

NATIONAL POLICY No. 3**UNACCEPTABLE AUDITORS**

The report of an auditor will not be viewed as being acceptable under the appropriate securities legislation where:

- (1) The auditor is a director, officer or employee of the company being reported upon or of an affiliate of the company or is a partner, employer or employee of any such director, officer or employee or who is an associate of any director or officer of the company or of any affiliate of the company.
- (2) The auditor or any partner or employer of or associate of him beneficially owns, directly or indirectly, any securities of the company or of a subsidiary of the company or, if the company is a subsidiary, any securities of its holding corporation provided that the disqualification will not apply to the person, partner, employer or associate, as the case may be, if the person, partner, employer or associate is not empowered to decide whether securities of the company or its holding company, as the case may be, are to be beneficially owned, directly or indirectly, by him, or if he is not entitled to vote in respect thereof.