



# Registrant Outreach Session: Participation Fees Calculation

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# Agenda

## **Part 1**

- General overview of OSC Rule 13-502 *Fees*
- Filing requirements for capital markets participation fee calculation

**Part 2** - Walkthrough of Form 13-502F4 along with common errors

**Part 3** - Proposed amendments to OSC Rule 13-502 *Fees* and Companion Policy 13-502CP *Fees*

**Part 4** - Cooperative Capital Markets Regulatory System - Fees

**Part 5** - References



# Part 1

## General overview of OSC Rule 13-502 *Fees*

Filing requirements for capital markets participation fee calculation

# OSC Rule 13-502 Fees

- OSC Rule 13-502 Fees
- OSC Rule 13-503 (*Commodity Futures Act*) Fees
- OSC fee structure is designed to recover the costs the OSC incurs
- Two main types of OSC fees:
  1. **Activity Fees** - generally charged for a filing of a specific document
  2. **Participation Fees** - broad range of regulatory services that cannot be practicably or easily attributed to individual activities or entities
    - Corporate finance participation fees for reporting issuers
    - Capital markets participation fees for registrants and certain unregistered capital markets participants

# Capital Markets Participation Fees

Firms required to calculate and pay capital markets participation fees annually:

- Firms registered under the *Securities Act* and/or *Commodity Futures Act*
- Exempt international firms relying on section 8.18 [international dealer] and 8.26 [international adviser] of NI 31-103
- Firms that are unregistered investment fund managers (as defined in the Fee Rule)

# Requirements

## **Registrant firms and firms relying on the international dealer or international adviser exemption**

- Complete online Form 13-502F4 *Capital Markets Participation Fee Calculation*
  - Filing deadline: December 1
  - Payment deadline: December 31
    - Fee automatically pulled on December 31 for firms with an NRD bank account
    - Submit cheque or wire transfer for firms that are EFT-exempt
  - Late fees
    - \$100 per business day for late filing of the participation fee calculation (s. 4.3)
    - 0.1% of the outstanding participation fee for each business day late (s. 3.6)
-

# Requirements (cont'd)

## **Unregistered investment fund managers (no other category of registration or reliance on exemption)**

- Complete online Form 13-502F4 *Capital Markets Participation Fee Calculation*
- Filing deadline: 90 days after end of each fiscal year
- Payment deadline: 90 days after end of each fiscal year
  - Submit cheque or wire transfer for firms that are EFT-exempt
- Late fees
  - 0.1% of the outstanding participation fee for each business day late (s. 3.6)



# Reference fiscal year

- For 2014 participation fee calculation: Continue using reference fiscal year
- For most firms, the 2014 calculation is the EXACT SAME calculation as 2013

Determining your firm's reference fiscal year:

- If firm was registered or relying on an exemption at the end of its fiscal year ending prior to May 1, 2012:
  - Reference fiscal year is the **last fiscal year ending prior to May 1, 2012**
  - Most firms fit into this category
- All other firms:
  - Reference fiscal year is the previous fiscal year
    - Previous fiscal year defined as:
      - Registrant firms and exempt international advisers / international dealers – fiscal year ending in the 2014 calendar year
      - Unregistered IFMs only – last fiscal year

# Reference fiscal year – Example #1

Fact pattern:

- Firm ABC Ltd. was registered as an exempt market dealer on July 10, 2010.
- Fiscal year end is December 31.

Analysis:

- ABC Ltd. was a registrant firm at the end of the last fiscal year ending before May 1, 2012.

Reference fiscal year to be used:

- December 31, 2011 (i.e. last fiscal year ending prior to May 1, 2012)

**NOTE: Most firms will fit this example and use a fiscal year ending in 2011 or 2012 to calculate participation fees. The calculation should be the same as last year.**

# Reference fiscal year – Example #2

## Fact pattern:

- Firm DEF Inc. was incorporated on March 10, 2012 and registered as an investment fund manager on July 31, 2012.
- Fiscal year end is August 31.

## Analysis:

- DEF Inc. was not a registrant firm at the end of the last fiscal year ending before May 1, 2012.

## Reference fiscal year to be used:

- August 31, 2014 (i.e. fiscal year ending in calendar year)

# Reference fiscal year – Example #3

## Fact pattern:

- Firm GHI Inc. was incorporated on January 1, 2012 and registered as a Portfolio Manager on March 31, 2012.
- Fiscal year end is December 31.

## Analysis:

- Although GHI Inc. was registered prior to May 1, 2012, GHI Inc. was not registered at the end of its last fiscal year before May 1, 2012

## Reference fiscal year to be used:

- December 31, 2014 (i.e. fiscal year ending in calendar year)
- Since calculation is due December 1, GHI Inc. will estimate revenues
- If actual participation fees differ from estimated participation fees, make adjusted filings and payments no later than 90 days after fiscal year end using Form 13-502F4 and Form 13-502F5 online

# Reference fiscal year – Example #4

## Fact pattern:

- Firm XYZ Ltd. was incorporated on January 1, 2005 in the U.S. and began relying on the permitted client exemption available under MI 32-102 *Exemptions from Investment Fund Manager Registration* on January 1, 2013 (i.e. unregistered IFM).
- Fiscal year end is December 31.

## Analysis:

- XYZ Ltd. was not a registrant firm and was not relying on exemption from registration at the end of its last fiscal year ending before May 1, 2012.

## Reference fiscal year to be used:

- December 31, 2014 (i.e. fiscal year ending in calendar year)
  - Deadline for unregistered IFMs is 90 days after its fiscal year end (no estimation required)
-



## Part 2

# Walkthrough of Form 13-502F4 along with common errors

# Form 13-502F4 *Capital Markets Participation Fee Calculation*

- Completed annually by firms
- For firms solely registered under the *Commodity Futures Act*, Form 13-502F4 can be completed instead of Form 13-503F1

# Form 13-502F4 – General info

## 1. Firm Information

Firm NRD number: \_\_\_\_\_

Firm legal name: \_\_\_\_\_

## 2. Contact Information for Chief Compliance Officer

Please provide the name, e-mail address, phone number and fax number for your Chief Compliance Officer.

Name: \_\_\_\_\_

E-mail address: \_\_\_\_\_

Phone: \_\_\_\_\_

Fax: \_\_\_\_\_



# Form 13-502F4 – General info (cont'd)

## 3. Membership Status (one selection)

- The firm is a member of the Mutual Fund Dealers Association (MFDA).
- The firm is a member of the Investment Industry Regulatory Organization of Canada (IIROC).
- The firm does not hold membership with the MFDA nor IIROC.

## 4. Financial Information

Is the firm providing a good faith estimate under section 3.5 of the Rule?

- Yes
- No (one selection)

If no, end date of reference fiscal year:  $\frac{\quad}{\text{yyyy}} / \frac{\quad}{\text{mm}} / \frac{\quad}{\text{dd}}$

If yes, end date of fiscal year for which the good faith estimate is provided:

$\frac{\quad}{\text{yyyy}} / \frac{\quad}{\text{mm}} / \frac{\quad}{\text{dd}}$

# Form 13-502F4 – Part I for IIROC firms

## 5. Participation Fee Calculation

	Reference fiscal year (,000)
<b>Part I – IIROC Members</b>	
1. Total revenue for reference fiscal year from Statement E of the Joint Regulatory Financial Questionnaire and Report	<input type="text"/>
2. Less revenue not attributable to capital markets activities	<input type="text"/>
3. Revenue subject to participation fee (line 1 less line 2)	0
4. Ontario percentage for reference fiscal year (See definition of “Ontario percentage” in the Rule)	<input type="text"/> %
5. Specified Ontario revenues (line 3 multiplied by line 4)	0
6. Participation fee	\$ <b>835.00</b>
(From Appendix B of the Rule, select the participation fee opposite the specified Ontario revenue calculated above)	

NOTE: Use this part if firm is an IIROC member

# Form 13-502F4 – Part II for MFDA firms

## 5. Participation Fee Calculation

	Reference fiscal year (,000)
<b>Part II – MFDA Members</b>	
1. Total revenue for reference fiscal year from Statement D of the MFDA Financial Questionnaire and Report	<input type="text"/>
2. Less revenue not attributable to capital markets activities	<input type="text"/>
3. Revenue subject to participation fee (line 1 less line 2)	0
4. Ontario percentage for reference fiscal year (See definition of "Ontario percentage" in the Rule)	<input type="text"/> %
5. Specified Ontario revenues (line 3 multiplied by line 4)	0
6. Participation fee (From Appendix B of the Rule, select the participation fee opposite the specified Ontario revenues calculated above)	\$ <b>835.00</b>

NOTE: Use this part if firm is an MFDA member

# Form 13-502F4 - Part III for all other firms

## Part III – Advisers, Other Dealers, and Unregistered Capital Markets Participants

	Reference fiscal year (,000)
1. Gross revenue for reference fiscal year (note 1)	<input type="text"/>
<b>Less the following items:</b>	
2. Revenue not attributable to capital markets activities	<input type="text"/>
3. Redemption fee revenue (note 2)	<input type="text"/>
4. Administration fee revenue (note 3)	<input type="text"/>
5. Advisory or sub-advisory fees paid to registrant firms or exempt international firms (note 4)	<input type="text"/>
6. Trailer fees paid to registrant firms (note 5)	<input type="text"/>
7. Total deductions (sum lines 2 to 6)	0
8. Revenue subject to participation fee (line 1 less line 7)	0
9. Ontario percentage for reference fiscal year (See definition of "Ontario percentage" in the Rule)	<input type="text"/> %
10. Specified Ontario revenues (line 8 multiplied by line 9)	0
11. Participation fee (From Appendix B of the Rule, select the participation fee beside the specified Ontario revenues calculated above)	\$ <b>835.00</b>

# Form 13-502F4 - Part IV Management certification

## Part IV - Management Certification

Where available, we have examined the financial statements on which the participation fee calculation is based and certify that, to the best of our knowledge, the financial statements present fairly the revenues of the firm for the period ended as noted under **Financial Information** above, and that the financial statements have been prepared in agreement with the books of the firm.

We certify that the reported revenues of the firm are complete and accurate and in accordance with generally accepted accounting principles.

	<b>Name and Title</b>	<b>Signature</b>	<b>Date</b>
1.	_____	_____	_____
2.	_____	_____	_____

# Form 13-502F4 – General common errors

- Incorrect reference fiscal year used to calculate participation fees
  - Last fiscal year ending prior to May 1, 2012 (most firms), or
  - Fiscal year ending in 2014 calendar year
- Failure to complete and file an amended participation fee calculation online if participation fees changed (for firms that estimated revenues due to a late year end)
  - Use Form 13-502F5 (from OSC website)
- Amounts reported were not in Canadian dollars
  - Convert to CAD using daily noon exchange rate from Bank of Canada website

# Form 13-502F4 – Line 1

## **Line 1 Gross revenue for reference fiscal year**

- Report total firm revenue from audited financial statements
  - If net revenue, report gross revenue on Line 1
- Common errors:
  - Revenue does not agree to audited financial statements
- Other errors:
  - Arrangements where clients pay management fees to a registrant firm's unregistered parent company and revenue is recognized in parent company
    - Revenue should be recognized in the registrant firm
  - "Cost recovery model" – recognize fees received to cover costs as gross revenue

# Form 13-502F4 – Deductions: Line 2

## **Line 2 Revenue not attributable to capital markets activities**

- Deduct revenue that is not generated through capital markets activities
- Examples:
  - Consulting revenue
  - Interest income (e.g. earned from loans or deposits)
- Common errors:
  - Firms are deducting all non-Ontario revenues even if they are considered capital markets activities



# Form 13-502F4 – Deductions: Line 3

## **Line 3 Redemption fee revenue**

- Firms may earn redemption fees if investors sell units in a fund before the redemption-fee period expires
- Redemption fees earned upon the redemption of investment fund units sold on a deferred sales charge basis are permitted as a deduction

# Form 13-502F4 – Deductions: Line 4

## **Line 4 Administration fee revenue**

- If the registrant firm or unregistered capital markets participant pays the operating expenses for the investment fund and administration fees are charged to investment funds, an amount equal to the reasonable recovery of costs of those operating expenses can be deducted

# Form 13-502F4 – Deductions: Line 5

## **Line 5 Advisory or sub-advisory fees paid to registrant firms or exempt international firms**

- If a registrant firm or exempt international firm pays another registered firm or exempt international firm to advise on a portion of its assets under management, these costs can be deducted
  - Only applies if registrant firm recognizes advisory fees
  - Prevents double-counting of revenues. The other advisor or sub-advisor would recognize the revenues for the purposes of calculating its participation fees
- Common errors:
  - Advisory fees deducted that did not relate to advisory services for assets under management

# Form 13-502F4 – Deductions: Line 6

## **Line 6 Trailer fees paid to registrant firms**

- If a registrant firm or exempt international firm pays a trailer fee to another registrant firm for advising on a portion of its assets under management, these costs can be deducted
  - Prevents double-counting of revenues. The other registrant or exempt international firm would recognize the trailer fee revenues for the purposes of calculating its participation fees

# Form 13-502F4 – Line 7 and 8

**Line 7 Total deductions (sum of lines 2 to 6)**

**Line 8 Revenue subject to participation fees (line 1 less line 7)**

= Gross revenue less total deductions

# Form 13-502F4 – Line 9

## Line 9 Ontario percentage for reference fiscal year

- Definition of “Ontario percentage” set out in section 1.1 of the Fee Rule
- For firms with a permanent establishment in Ontario in the fiscal year:
  - Ontario percentage = firm’s Ontario allocation factor (**OAF**) expressed as a percentage
    - OAF, as defined in the *Taxation Act, 2007*, refers to a firm’s Ontario taxable income in comparison to the firm’s total taxable income.
  - A firm with a permanent establishment in Ontario only would result in an Ontario percentage of 100%.
- For firms with no permanent establishment in Ontario in the fiscal year:
  - Ontario percentage = percentage of revenues earned from Ontario clients relative to revenue earned from all global clients in the fiscal year

# Form 13-502F4 – Line 9 (cont'd)

## Line 9 Ontario percentage for reference fiscal year

- Common errors identified:
  - Ontario percentage calculated based on number of clients or AUM
  - Where firms filed corporate tax returns in Ontario, the Ontario percentage was not calculated based on taxable income

# Form 13-502F4 – Line 10

## **Line 10 Specified Ontario revenues (line 8 multiplied by line 9)**

=Revenue subject to participation fees X Ontario percentage

- This represents the total Ontario revenues that the participation fee is based on



# Form 13-502F4 – Line 11

## Line 11 Participation fee (from Appendix B of the Fee Rule)

<b>APPENDIX B</b>			
<b><u>CAPITAL MARKETS PARTICIPATION FEES</u></b>			
<b>Specified Ontario Revenues for the Reference Fiscal Year</b>	<b>Participation Fee (effective April 7, 2014)</b>	<b>Specified Ontario Revenues for the Reference Fiscal Year</b>	<b>Participation Fee (effective April 7, 2014)</b>
under \$250,000	\$835	\$25 million to under \$50 million	\$110,750
\$250,000 to under \$500,000	\$1,085	\$50 million to under \$100 million	\$221,500
\$500,000 to under \$1 million	\$3,550	\$100 million to under \$200 million	\$367,700
\$1 million to under \$3 million	\$7,950	\$200 million to under \$500 million	\$745,300
\$3 million to under \$5 million	\$17,900	\$500 million to under \$1 billion	\$962,500
\$5 million to under \$10 million	\$36,175	\$1 billion to under \$2 billion	\$1,213,800
\$10 million to under \$25 million	\$74,000	\$2 billion and over	\$2,037,000

# Form 13-502F5 *Adjustment of Fee for Registrant Firms and Unregistered Exempt International Firms*

- If estimated vs. actual specified Ontario revenues resulted in a change in the participation fee, use this form to file an adjusted form

**FORM 13-502F5**  
**ADJUSTMENT OF FEE FOR REGISTRANT FIRMS AND UNREGISTERED EXEMPT INTERNATIONAL FIRMS**

**Firm name:** \_\_\_\_\_

**End date of last completed fiscal year:** \_\_\_\_\_

**Note:** Subsection 3.5(2) of the Rule requires that this form must be filed concurrent with a completed Form 13-502F4 that shows the firm's actual participation fee calculation.

1. Estimated participation fee paid under subsection 3.5(1) of the Rule: \_\_\_\_\_

2. Actual participation fee calculated under paragraph 3.5(2)(b) of the Rule: \_\_\_\_\_

3. Refund due (Balance owing): \_\_\_\_\_  
(Indicate the difference between lines 1 and 2)

# Review of participation fee calculations

- Ongoing reviews of participation fee calculations
- Random and targeted samples
- Firms should be able to provide documentation to support each line item
  - Examples:
    - Maintain signed copy of participation fee calculation
    - Audited financial statements (or audited MFDA Form 1 / IIROC Form 1)
    - Backup for deductions taken
    - Backup for calculation of “Ontario percentage”



## Part 3

# Proposed amendments to OSC Rule 13-502 *Fees* and Companion Policy 13-502CP *Fees*

# Proposed amendments to OSC Rule 13-502 *Fees and Companion Policy 13-502CP Fees*

- Current Rule came into effect April 1, 2013
- OSC committed to re-examine fee structure earlier than intended in order to consider issues raised by market participants
- Proposed amendments published for 90-day comment period on September 18, 2014
  - Comments requested by December 17, 2014
  - Effective date of Rule amendments expected to be April 2015
- Proposed amendments to OSC Rule 13-503 (*Commodity Futures Act*) Fees and Companion Policy 13-503CP (*Commodity Futures Act*) Fees
  - Mirrors proposed amendments to OSC Rule 13-502 and Companion Policy 13-502CP

# Proposed amendments to OSC Rule 13-502 *Fees and Companion Policy 13-502CP Fees*

Key proposed amendments impacting registrants and unregistered capital markets participants:

## **1. Reference fiscal year**

- Proposed amendments remove the use of the reference fiscal year
- Registrants and unregistered capital markets participants will have to use “previous financial year” which means “the financial year of the person or company ending in the calendar year”

# Proposed amendments to OSC Rule 13-502 *Fees and Companion Policy 13-502CP Fees*

## 2. Definition of “capital markets activities”

Capital markets activities means

- Current language: (a) activities for which registration under the Act or an exemption from registration is required, (b) acting as an investment fund manager, or (c) activities for which registration under the *Commodity Futures Act* (CFA), or an exemption from registration under the CFA is required
- Proposed language: activities for which registration is required, or activities for which an exemption from registration is required under the Act or under the CFA, or would be so required if those activities were carried on in Ontario

# Proposed amendments to OSC Rule 13-502 *Fees and Companion Policy 13-502CP Fees*

## **2. Definition of “capital markets activities”**

Amendments meant to:

- Address common error by firms that deduct all non-Ontario revenues even if they are considered capital markets activities, and then applying “Ontario percentage” which dilutes specified Ontario revenues further
- Reflect that investment fund managers (IFMs) are required to be registered [subsection 25(4) of the Act and Part 7.3 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*]



# Proposed amendments to OSC Rule 13-502 *Fees and Companion Policy 13-502CP Fees*

## **3. Definition of “Ontario percentage”**

Current language:

“Ontario percentage” means, for a fiscal year of a participant

(a) if the participant is a company that has a permanent establishment in Ontario in the fiscal year, the participant’s Ontario allocation factor for the fiscal year expressed as a percentage and determined on the assumption that the participant had a taxation year that coincided with the fiscal year and is resident in Canada for the purposes of the ITA,

(b) if paragraph (a) does not apply and the participant would have a permanent establishment in Ontario in the fiscal year if the participant were a company, the participant’s Ontario allocation factor for the fiscal year expressed as a percentage and determined on the assumption that the participant is a company, had a taxation year that coincided with the fiscal year and is resident in Canada for the purposes of the ITA, and

(c) in any other case, the percentage of the participant’s total revenues for the fiscal year attributable to capital markets activities in Ontario;

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# Proposed amendments to OSC Rule 13-502 *Fees and Companion Policy 13-502CP Fees*

## **3. Definition of “Ontario percentage”**

Proposed language:

“Ontario percentage” means, in relation to a person or company for a previous financial year,

(a) in the case of a person or company that has a permanent establishment in Ontario in the previous financial year and no permanent establishment elsewhere, 100%,

(b) in the case of a person or company that has a permanent establishment in Ontario and elsewhere in the previous financial year and has taxable income in the previous financial year that is positive, the percentage of the taxable income that is taxable income earned in the year in Ontario, and

(c) in any other case, the percentage of the total revenues of the person or company for the previous financial year attributable to capital markets activities in Ontario;

# Proposed amendments to OSC Rule 13-502 *Fees and Companion Policy 13-502CP Fees*

## **3. Definition of “Ontario percentage”**

Amendments meant to:

- Simplify and clarify the definition by outlining the requirements for firms that have a permanent establishment in Ontario only, a permanent establishment in Ontario and elsewhere, and all other scenarios
- Remove concept of “Ontario allocation factor” and references to various tax legislation which were tied to that definition

# Proposed amendments to OSC Rule 13-502 *Fees and Companion Policy 13-502CP Fees*

## **4. Deductions from gross revenues**

- Reviewed the deductions in lines 3 to 6 of Part III of Form 13-502F4 to determine whether calculation of participation fees could be simplified
- Least used deductions : redemption fee revenue and administration fee revenue
- Most used deductions : advisory or sub-advisory fees, trailer fees
- NO CHANGE recommended to deductions as the fairness to registrants and unregistered capital markets participants outweighs streamlining objective

# Proposed amendments to OSC Rule 13-502 *Fees and Companion Policy 13-502CP Fees*

## **5. Filing and payment deadline for unregistered IFMs**

- Current Rule requires an unregistered IFM to file the participation fee calculation and pay any participation fees within 90 days after the end of its fiscal year
- Proposed amendments align the fee calculation and payment time with registrants and exempt international firms
  - Filing deadline by December 1
  - Fee payment by December 31

# Proposed amendments to OSC Rule 13-502 *Fees and Companion Policy 13-502CP Fees*

## **6. Certification of participation fees calculation**

- Current Rule requires two members of senior management to attest to completeness and accuracy of calculation, or one member in cases of firms with only one officer and director (Part IV of Form 13-502F4)
- Proposed amendments require Chief Compliance Officer (CCO) or in the case of an unregistered capital markets participant without a CCO, an individual acting in a similar capacity, to attest to completeness and accuracy of Form 13-502F4 calculation

# Proposed amendments to OSC Rule 13-502 *Fees and Companion Policy 13-502CP Fees*

## **7. Proposed amendments for activity fees**

- New activity fee for review of permitted individuals
    - \$100 per individual (item K4 of Appendix C)
  - Revised activity fee set out in section 6.3 for exemptive relief applications that affect affiliated registrants engaging in an activity together such that only one fee will be charged
  - For multi-part applications, additional activity fee may be required where relief is being sought from more than one section in the Act or applicable Instrument (part O of Appendix C)
  - Overall clean-up and review of Appendix C
-

# Proposed amendments to OSC Rule 13-502 *Fees and Companion Policy 13-502CP Fees*

## **8. Late fees (Appendix D)**

Proposed amendments:

- unregistered IFMs be subject to late filing fee in respect of Form 13-502F4 (currently exempt under subsection 3.4(2) of current Rule)
- Increase late fee cap for all forms or documents to be filed from \$5,000 to \$10,000 for the three largest categories of registrants whose specified Ontario revenues are greater than or equal to \$500 million
- Late fee waiver of amounts less than \$10 has been increased to allow the OSC to waive any late fees due of less than \$100



# Proposed amendments to OSC Rule 13-502 *Fees and Companion Policy 13-502CP Fees*

## **8. No refunds**

Proposed amendments:

- Section 2.7 of Companion Policy clarifies Commission's views with respect to refund requests and circumstances under which a refund will be issued
- Unless there are exceptional circumstances, will not generally issue a refund if a request is made more than 90 days after the fee was required to be paid

# Proposed amendments to OSC Rule 13-502 *Fees and Companion Policy 13-502CP Fees*

## **9. Indirect avoidance of Rule**

Proposed amendments:

- Section 2.8 of Companion Policy clarifies Commission's views
- Must pay participation fees based on all revenues attributable to capital markets activities in Ontario, regardless of how revenues recorded or structured

# Proposed amendments to OSC Rule 13-502 *Fees and Companion Policy 13-502CP Fees*

## **10. Participation fee rates**

Current:

Rule contains fee schedule that will come into effect April 6, 2015

Proposed:

Amendments keep participation fee rates at the lower levels that became effective on April 7, 2014 and flat for duration of proposed Rule



# Proposed amendments to OSC Rule 13-502 Fees and Companion Policy 13-502CP Fees

<b>Specified Ontario Revenues for the Reference Fiscal Year</b>	<b>Participation Fee (Effective April 7, 2014)</b>	<b>Participation Fee (Effective April 6, 2015)</b>
under \$250,000	\$835	\$875
\$250,000 to under \$500,000	\$1,085	\$1,135
\$500,000 to under \$1 million	\$3,550	\$3,715
\$1 million to under \$3 million	\$7,950	\$8,325
\$3 million to under \$5 million	\$17,900	\$18,745
\$5 million to under \$10 million	\$36,175	\$37,875
\$10 million to under \$25 million	\$74,000	\$77,475
\$25 million to under \$50 million	\$110,750	\$115,955
\$50 million to under \$100 million	\$221,500	\$232,000
\$100 million to under \$200 million	\$367,700	\$385,000
\$200 million to under \$500 million	\$745,300	\$780,000
\$500 million to under \$1 billion	\$962,500	\$1,008,000
\$1 billion to under \$2 billion	\$1,213,800	\$1,271,000

# Proposed amendments to OSC Rule 13-502 *Fees and Companion Policy 13-502CP Fees*

## **11. Request for additional information**

- Seeking comments on whether late fees payable by investment funds should be payable by IFM, rather than fund itself
- 3 specific questions raised on this topic:
  - Agree with proposal to change requirement such that IFM required to pay late fee in respect of a late filing by an investment fund?
  - If IFMs are responsible, should any changes be made to the maximum aggregate fee payable under Appendix D for late filings?
  - What impact, if any, would requiring IFM to pay the late fees on behalf of its investment funds have on the investment fund industry and the way IFMs charge fees to their funds?

# Proposed amendments to OSC Rule 13-502 *Fees and Companion Policy 13-502CP Fees*

## **How to Provide Your Comments**

- You must provide your comments in writing by December 17, 2014 to the following address:

The Secretary

Ontario Securities Commission

20 Queen Street West

19th Floor, Box 55

Toronto, Ontario M5H 3S8

Fax: 416-593-2318

Email: [comments@osc.gov.on.ca](mailto:comments@osc.gov.on.ca)



## Part 4

# Cooperative Capital Markets Regulatory System

OSC

ONTARIO  
SECURITIES  
COMMISSION

# Cooperative Capital Markets Regulatory System

- Memorandum of Agreement (MOA) signed between the federal Department of Finance and the following jurisdictions:
    - Ontario
    - British Columbia
    - Saskatchewan
    - New Brunswick
    - Prince Edward Island subsequently became a party to the MOA
  - MOA sets out terms and conditions to implement a cooperative capital markets regulatory system
  - Participating jurisdictions will enact uniform legislation
  - A common regulator, the Capital Markets Regulatory Authority (CMRA), would administer the provincial and federal legislation and regulations
-



# Cooperative Capital Markets Regulatory System

Excerpt from MOA regarding fees:

**"Fees:** a single, simplified fee structure designed to allow the self-funding of the CMRA that does not impose unnecessary or disproportionate costs on market participants."



# Part 5

# References

# References

- OSC Rule 13-502 *Fees* and Companion Policy 13-502CP *Fees*  
[http://www.osc.gov.on.ca/documents/en/Securities-Category1/rule\\_20130131\\_13-502\\_unofficial-consolidated.pdf](http://www.osc.gov.on.ca/documents/en/Securities-Category1/rule_20130131_13-502_unofficial-consolidated.pdf)
  - Proposed Amendments to OSC Rule 13-502 *Fees* and Companion Policy 13-502CP *Fees*  
[http://www.osc.gov.on.ca/documents/en/Securities-Category1/rule\\_20140918\\_13-502\\_rfc-proposed-amendments.pdf](http://www.osc.gov.on.ca/documents/en/Securities-Category1/rule_20140918_13-502_rfc-proposed-amendments.pdf)
  - OSC Staff Notice 33-741 – *Report on the results of the reviews of capital markets participation fees*  
[http://www.osc.gov.on.ca/en/SecuritiesLaw\\_sn\\_20130718\\_33-741\\_rpt-participation-fees.htm](http://www.osc.gov.on.ca/en/SecuritiesLaw_sn_20130718_33-741_rpt-participation-fees.htm)
  - Guidance for changes in calculating capital markets participation fees  
[http://www.osc.gov.on.ca/en/Dealers\\_eb\\_20131120\\_guidance-calculation-capital-markets.htm](http://www.osc.gov.on.ca/en/Dealers_eb_20131120_guidance-calculation-capital-markets.htm)
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- OSC Staff Notice 33-745 – *2014 Annual Summary Report for Dealers, Advisers and Investment Fund Managers*  
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- Form 13-502F4 Online form <https://eforms.osc.gov.on.ca/e-filings/registration/ProcessFormsServlet?token=6c8df414-323b-4159-a091-1f6084641175>
- Form 13-503F1 Online form <https://eforms.osc.gov.on.ca/e-filings/registration/ProcessFormsServlet?token=1b70fa08-a119-4941-b816-c54de35d9bc9>



# Questions?



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