

This is an unofficial consolidation of Ontario Securities Commission Rule 13-503 *Commodity Futures Act Fees* (including forms) and its Companion Policy, current to October 18, 2019. This is not an unofficial statement of law or policy and should be used for reference only.

**ONTARIO SECURITIES COMMISSION
RULE 13-503 (COMMODITY FUTURES ACT) FEES**

TABLE OF CONTENTS

PART TITLE

PART 1 DEFINITIONS

1.1 Definitions

PART 2 PARTICIPATION FEES

2.1 Application

2.2 Participation fee

2.3 Estimating specified Ontario revenues for late financial year end

2.4 Certification

2.5 Late fee

2.6 Calculating specified Ontario revenues for IIROC Members

2.7 Calculating specified Ontario revenues for others

PART 3 ACTIVITY FEES

3.1 Activity fees - General

3.2 Information request

3.3 Late fee

PART 4 CURRENCY CONVERSION

4.1 Canadian dollars

PART 5 EXEMPTION

5.1 Exemption

PART 6 REVOCATION AND EFFECTIVE DATE

6.1 Revocation

6.2 Effective date

Appendix A Participation Fees

Appendix B Activity Fees

Appendix C Additional Fees for Late Document Filings

Form 13-503F1 (*Commodity Futures Act*) Participation Fee Calculation

Form 13-503F2 (*Commodity Futures Act*) Adjustment of Fee Payment for *Commodity Futures Act* registrant firms

**ONTARIO SECURITIES COMMISSION
RULE 13-503 (COMMODITY FUTURES ACT) FEES**

PART 1 — DEFINITIONS

1.1 Definitions — In this Rule

“CFA” means the *Commodity Futures Act*;

“CFA activities” means activities for which registration under the CFA is required, or activities for which an exemption from registration is required under the CFA, or would be so required if those activities were carried out in Ontario;

“generally accepted accounting principles”, in relation to a person or company, means the generally accepted accounting principles used to prepare the financial statements of the person or company in accordance with Ontario securities law;

“IIROC” means the Investment Industry Regulatory Organization of Canada;

“OBA amendment” means an amendment to OSC Rule 33-506 (*Commodity Futures Act*) *Registrant Information* that sets out circumstances in which outside business activity is required to be disclosed;

“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 CFA activities in Ontario;

“permanent establishment” means a permanent establishment as defined in subsection 400(2) of the *Income Tax Regulations* (Canada);

“permitted individual” has the same meaning as in OSC Rule 33-506 (*Commodity Futures Act*) *Registration Information*;

“previous financial year” means, in relation to a registrant firm, the financial year of the firm ending in the then current calendar year;

“principal regulator” has the same meaning as in National Instrument 33-109 *Registration Information* under the *Securities Act*;

“registrant firm” means a person or company registered as dealer or an adviser under the CFA;

“specified day” means

(a) in relation to the late filing of Form 33-506F5 for the purposes of amending item 10 of Form 33-506F4, a business day occurring:

(i) before January 1, 2019, or

(ii) after the date which is the earlier of:

(A) the date that the first OBA amendment comes into force, and

(B) December 31, 2021, and

(b) in any other case, any business day;

“specified Ontario revenues” means the revenues determined in accordance with section 2.6 or 2.7;

“taxable income” means taxable income as determined under the *Income Tax Act* (Canada); and

“taxable income earned in the year in Ontario”, in relation to a person or company for a financial year, means the taxable income of the person or company earned in the financial year in Ontario as determined under Part IV of the *Income Tax Regulations* (Canada).

PART 2 — PARTICIPATION FEES

2.1 Application — This Part does not apply to a registrant firm that is registered under the *Securities Act* and that has paid its participation fee under Rule 13-502 *Fees* under the *Securities Act*.

2.2 Participation fee

- (1) A registrant firm must, by December 31 in each year, pay the participation fee shown in Appendix A opposite the specified Ontario revenues for the previous financial year of the firm.
- (2) A registrant firm must, by December 1 in each year, file a completed Form 13-503F1 showing the information required to determine the participation fee referred to in subsection (1).
- (3) Despite subsection (1), a firm that becomes registered between December 1 and 31 must file a completed Form 13-503F1 within 60 days of the date of registration.

2.3 Estimating specified Ontario revenues for late financial year end

- (1) If the annual financial statements of a registrant firm for a previous financial year are not completed by December 1 in the calendar year in which the previous financial year ends, the firm must,
 - (a) by December 1, file a completed Form 13-503F1 showing a good faith estimate of the information required to calculate its specified Ontario revenues as at the end of the previous financial year, and

- (b) by December 31, pay the participation fee shown in Appendix A opposite its estimated specified Ontario revenues for the previous financial year.
- (2) A registrant firm that estimated its specified Ontario revenues under subsection (1) must, not later than 90 days after the end of the previous financial year,
 - (a) calculate its specified Ontario revenues,
 - (b) determine the participation fee shown in Appendix A opposite the specified Ontario revenues,
 - (c) if the participation fee determined under paragraph (b) exceeds the participation fee paid under subsection (1), pay the balance owing and file a completed Form 13-503F1 and Form 13-503F2.
- (3) A registrant firm that pays an amount under subsection (1) that exceeds the participation fee determined under subsection (2) is entitled to a refund from the Commission of the excess.
- (4) A request for a refund under subsection (3) must be made to the Commission by the same date on which the form referred to in paragraph (2)(c) is required to be filed.

2.4 Certification

- (1) A form required to be filed under section 2.2 or 2.3 must contain a certification signed by any one of the following:
 - (a) the chief compliance officer of the registrant firm;
 - (b) a specified officer of the registrant firm, or an individual acting in a similar capacity;
 - (c) a director of the registrant firm
- (2) For the purposes of subsection (1)(b), “specified officer” of a registrant means an individual with any or more of the following positions in relation to the registrant:
 - (a) chief executive officer;
 - (b) chief financial officer;
 - (c) chief operating officer.

2.5 Late fee

- (1) A registrant firm that is late in paying a participation fee under this Part must pay an additional late fee of 0.1% of the unpaid portion of the participation fee for each business day on which any portion of the participation fee was due and unpaid.
- (2) A late fee calculated under subsection (1) is deemed to be nil if it is less than \$100.

2.6 Calculating specified Ontario revenues for IIROC members

- (1) The specified Ontario revenues for a previous financial year of a registrant firm that was an IIROC member at the end of the previous financial year is calculated by multiplying
 - (a) the registrant firm's total revenues for the previous financial year, less the portion of the total revenue not attributable to CFA activities,

by
 - (b) the registrant firm's Ontario percentage for the previous financial year.
- (2) For the purpose of paragraph (1)(a), "total revenues" for a previous financial year means the amount shown as total revenue for the previous financial year on Statement E of the *Joint Regulatory Financial Questionnaire and Report* filed with IIROC by the registrant firm.

2.7 Calculating specified Ontario revenues for others

- (1) The specified Ontario revenues of a registrant firm that was not a member of IIROC at the end of the previous financial year is calculated by multiplying
 - (a) the registrant firm's total revenues, as shown in the audited financial statements prepared in accordance with generally accepted accounting principles for the previous financial year, less deductions permitted under subsection (2),

by
 - (b) the registrant firm's Ontario percentage for the previous financial year.
- (2) For the purpose of paragraph (1)(a), a registrant firm may deduct the following items if earned in the previous year from its total revenues:
 - (a) revenues not attributable to CFA activities;
 - (b) advisory or sub-advisory fees paid during the previous financial year by the registrant firm to
 - (i) a registrant firm under the CFA or a registrant firm under the *Securities Act*, or
 - (ii) an unregistered exempt international firm, as defined in Rule 13-502 *Fees* under the *Securities Act*.

PART 3 — ACTIVITY FEES

3.1 Activity fees – General – A person or company must, when filing a document or taking an action described in Row A to F of Column A of Appendix B, pay the activity fee shown opposite the description of the document or action in Column B.

3.2 Information request – A person or company that makes a request described in any of Rows G1 to G3 of Column A of Appendix B must pay the fee shown opposite the description of the request in Column B of Appendix B before receiving the document or information requested.

3.3 Late fee — A person or company that files or delivers a form or document listed in Column A of Appendix C after the form or document was required to be filed or delivered must, when filing or delivering the form or document, pay the late fee shown in Column B of Appendix C opposite the description of the form or document.

PART 4 — CURRENCY CONVERSION

4.1 Canadian dollars — If a calculation under this Rule requires the price of a security, or any other amount, as it was on a particular date, and that price or amount is not in Canadian dollars, it must be converted into Canadian dollars using the daily exchange rate for the last business day preceding the particular date as posted on the Bank of Canada website.

PART 5 — EXEMPTION

5.1 Exemption — The Director may grant an exemption from the provisions of this Rule, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

PART 6 — REVOCATION AND EFFECTIVE DATE

6.1 Revocation – Rule 13-503 (*Commodity Futures Act*) Fees which came into force on June 1, 2009, is revoked.

6.2 Effective date – This Rule comes into force on [April 6, 2015].

APPENDIX A — PARTICIPATION FEES

Specified Ontario Revenues for the Previous Financial Year	Participation Fee
under \$250,000	\$835
\$250,000 to under \$500,000	\$1,085
\$500,000 to under \$1 million	\$3,550
\$1 million to under \$3 million	\$7,950
\$3 million to under \$5 million	\$17,900
\$5 million to under \$10 million	\$36,175
\$10 million to under \$25 million	\$74,000
\$25 million to under \$50 million	\$110,750
\$50 million to under \$100 million	\$221,500
\$100 million to under \$200 million	\$367,700
\$200 million to under \$500 million	\$745,300
\$500 million to under \$1 billion	\$962,500
\$1 billion to under \$2 billion	\$1,213,800
\$2 billion and over	\$2,037,000

APPENDIX B - ACTIVITY FEES

Row	Document or Activity (Column A)	Fee (Column B)
A. Application for specifically enumerated relief, approval and recognition		
A1	Application under: a) Section 24 or 40 or subsection 36(1) or 46(6) of the CFA, and b) Subsection 27(1) of the Regulation to the CFA.	Nil
A2	An application for relief from this Rule.	\$1,800
A3	An application for relief from any of the following: a) OSC Rule 31-509 (<i>Commodity Futures Act</i>) <i>National Registration Database</i> ; b) OSC Rule 33-505 (<i>Commodity Futures Act</i>) <i>Registration Information</i> ; c) Subsection 37(7) of the Regulation to the CFA	\$1,800
B. Market Regulation Recognitions and Exemptions		
B1.	An application for registration or recognition of an exchange under section 15 or 34 of the CFA if the application is not made in conjunction with the application for recognition of an exchange under the <i>Securities Act</i> ;	\$110,000
B2.	An application for registration or recognition of an exchange under section 15 or 34 of the CFA if the application is made in conjunction with the application for recognition of an exchange under the <i>Securities Act</i> ;	\$22,000
B3.	An application for exemption from registration of an exchange under section 80 of the CFA if the application is not made in conjunction with the application for exemption from the recognition of an exchange under the <i>Securities Act</i> ;	\$83,000
B4.	An application for exemption from registration of an exchange under section 80 of the CFA if the application is made in conjunction with the application for exemption from the recognition of an exchange under the <i>Securities Act</i> ;	\$22,000
B5.	An application for recognition of a clearing house under section 17 of the CFA if the application is not made in conjunction with the application for recognition of a clearing agency under the <i>Securities Act</i> ;	\$110,000

Row	Document or Activity (Column A)	Fee (Column B)
B6.	An application for recognition of a clearing house under section 17 of the CFA if the application is made in conjunction with the application for recognition of a clearing agency under the <i>Securities Act</i> .	<p>\$22,000</p> <p>(plus an additional fee of \$100,000 in connection with an application described in any of Rows B1 to B6 that</p> <p>(a) reflects a merger of an exchange or clearing agency,</p> <p>(b) reflects an acquisition of a major part of the assets of an exchange or clearing agency, or</p> <p>(c) involves the introduction of a new business that would significantly change the risk profile of an exchange or clearing agency, or reflects a major reorganization or restructuring of an exchange or clearing agency).</p>
C1	<p>C. Registration-Related Activity</p> <p>New registration of a firm in one or more categories of registration</p>	\$1,300
C2	Addition of one or more categories of registration	\$700
C3	<p>Registration of a new individual to trade or advise on behalf of the registrant firm</p> <p><i>Notes:(i) If an individual is registering as both a dealer and an adviser, the individual is required to pay only one activity fee.</i></p>	<p>\$200 per individual, unless the individual makes an application to register in the same category of registration within three months of terminating employment with a previous firm.</p>

Row	Document or Activity (Column A)	Fee (Column B)
C4	Review of permitted individual	\$100, unless the individual is already registered to trade or advise on behalf of the registrant firm
C5	Change in status from a non-trading or non-advising capacity to a trading or advising capacity	\$200 per individual
C6	Registration of a new registrant firm, or the continuation of registration of an existing registrant firm, resulting from or following an amalgamation of one or more registrant firms	\$1,000
C7	Application for amending terms and conditions of registration	\$800
D1	<p>D. Director Approval</p> <p>An application for approval of the Director under Section 9 of the Regulation to the CFA</p> <p><i>Note: No fee for an approval under subsection 9(3) of the Regulation to the CFA is payable if a notice covering the same circumstances is required under sections 11.9 or 11.10 of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations.</i></p>	\$3,500
E1	<p>E. Pre Filings</p> <p>Each pre-filing relating to the items described in Rows B1 to B6 of Appendix B</p>	One-half of the otherwise applicable fee that would be payable if the corresponding formal filing had proceeded at the same time as the pre-filing.
E2	<p>Any other pre-filing of an application</p> <p><i>Note: The fee for a pre-filing of an application will be credited against the applicable fee payable if and when the corresponding formal filing is actually proceeded with; otherwise, the fee is nonrefundable.</i></p>	The applicable fee that would be payable if the corresponding formal filing had proceeded at the same time as the pre-filing.
F1	<p>F. Any Application not otherwise listed in this Rule</p> <p>An application for</p> <p>(a) relief from one section of the CFA, a regulation or a rule, or</p> <p>(b) recognition or designation under one section of the CFA, a regulation or a rule.</p>	\$4,800

Row	Document or Activity (Column A)	Fee (Column B)
F2	An application for (a) relief from two or more sections of the CFA, a regulation or a rule made at the same time, or (b) recognition or designation under two or more sections of the CFA, a regulation or a rule made at the same time.	\$7,000
F3	An application made under F1 or F2 if none of the following is subject to, or is reasonably expected to become subject to, a participation fee under this Rule or OSC Rule 13-502 <i>Fees</i> : (i) the applicant; (ii) an issuer of which the applicant is a wholly owned subsidiary;	The amount in F1 or F2 is increased by \$2,000
F4	An application under subsection 78(1) of the CFA if the application (a) reflects a merger of an exchange or clearing agency, (b) reflects an acquisition of a major part of the assets of an exchange or clearing agency, (c) involves the introduction of a new business that would significantly change the risk profile of an exchange or clearing agency, or (d) reflects a major reorganization or restructuring of an exchange or clearing agency.	The amount in F1 or F2 is increased by \$100,000
	G. Requests to the Commission	
G1	Request for a copy (in any format) of Commission public records	\$0.50 per image
G2	Request for a search of Commission public records	\$7.50 for each 15 minutes search time spent by any person
G3	Request for one's own individual registration form.	\$30

APPENDIX C - ADDITIONAL FEES FOR LATE DOCUMENT FILINGS

Document (Column A)	Late Fee (Column B)
<p>A. Fee for late filing or delivery of any of the following forms or documents:</p> <ul style="list-style-type: none"> (a) Annual financial statements and interim financial information; (b) Report under section 15 of the Regulation to the CFA; (c) Report under section 17 of the Regulation to the CFA; (d) Form 33-506F1; (e) Form 33-506F5, if the Commission is the principal regulator for the registrant firm or the individual and the filing is made for the purpose of amending: <ul style="list-style-type: none"> (i) one or more of items 10, 12, 13, 14, 15, 16, or 17 of Form 33-506F4, or (ii) one or more of items 1, 2, 3, 4, 5.3, 5.4, 5.5, 5.8, 5.9, 5.10, 5.11, 5.12, 6, 7, or 8 of Form 33-506F6 if the information being amended relates to the registrant firm and not a specified affiliate (as defined in Form 33-506F6) of the registrant firm; (f) Any form or document required to be filed or delivered by a registrant firm or individual in connection with the registration of the registrant firm or individual under the CFA with respect to, <ul style="list-style-type: none"> (i) terms and conditions imposed on a registrant firm or individual, or (ii) an order of the Commission; (g) Form 13-503F1; (h) Form 13-503F2. 	<p>For each form or document required to be filed or delivered, \$100 for every specified day following the date the form or document was required to be filed or delivered until the date the form or document is filed or delivered, subject to a maximum aggregate late fee of,</p> <ul style="list-style-type: none"> (a) if the person or company is subject to a participation fee under Part 2 of the rule and the estimated specified Ontario revenues for the previous financial year are greater than or equal to \$500 million, \$10,000 for all forms or documents required to be filed or delivered by the person or company in the calendar year, or (b) in all other cases, \$5,000 for all forms or documents required to be filed or delivered by the person or company in the calendar year.
<p>B. Fee for late filing or delivery of Form 33-506F5 if the Commission is the principal regulator for the registrant firm and the filing is made for the purpose of amending Form 33-506F6 for information of a specified affiliate (as defined in Form 33-506F6) of the registrant firm.</p>	<p>\$100</p>

FORM 13-503F1
(Commodity Futures Act) PARTICIPATION FEE CALCULATION

General Instructions

1. This form must be completed by firms registered under the *Commodity Futures Act* but not under the *Securities Act*. It must be returned to the Ontario Securities Commission by December 1 each year, as required by section 2.2 of OSC Rule 13-503 (the Rule), except in the case where firms register after December 1 in a calendar year. In this exceptional case, this form must be filed within 60 days of registration.
2. The completion of this form will serve as an application for the renewal of both the firm and all its registered individuals wishing to renew under the *Commodity Futures Act*.
3. IIROC members must complete Part I of this form. All other registrant firms must complete Part II.
4. IIROC members may refer to Statement E of the Joint Regulatory Financial Questionnaire and Report for guidance.
5. If a firm's permanent establishments are situated only in Ontario, all of the firm's total revenue for the previous financial year is attributed to Ontario. If permanent establishments are situated in Ontario and elsewhere, the percentage attributed to Ontario for a previous financial year will ordinarily be the percentage of the firm's taxable income that is allocated to Ontario for Canadian income tax purposes for the same financial year. For firms that do not have a permanent establishment in Ontario, the percentage attributable to Ontario will be based on the proportion of total revenues generated from CFA activities in Ontario.
6. All figures must be expressed in Canadian dollars. All figures other than the participation fee must be rounded to the nearest thousand.
7. Information reported on this form must be certified by an individual specified in section 2.4 of this Rule to attest to its completeness and accuracy.

4. Participation Fee CalculationPrevious financial
year*Note: Dollar amounts stated in thousands, rounded to the nearest thousand.***Part I — IIROC Members**

1.	Total revenue for previous financial year from Statement E of the Joint Regulatory Financial Questionnaire and Report	\$	
2.	Less revenue not attributable to CFA activities	\$	
3.	Revenue subject to participation fee (line 1 less line 2)	\$	
4.	Ontario percentage for previous financial year (See definition of “Ontario percentage” in the Rule)		%
5.	Specified Ontario revenues (line 3 multiplied by line 4)	\$	
6.	Participation fee (From Appendix A of the Rule, select the participation fee opposite the specified Ontario revenues calculated above)	\$	

Part II – Other Registrants:

- Total revenues is defined as the sum of all revenues reported on the audited financial statements. Audited financial statements should be prepared in accordance with generally accepted accounting principles. Items reported on a net basis must be adjusted for purposes of the fee calculation to reflect gross revenues.
- Where the advisory services of a registrant firm, or of an unregistered exempt international firm under Rule 13-502 *Fees* of the *Securities Act*, are used by the person or company to advise on a portion of its assets under management, such sub-advisory costs are permitted as a deduction on this line to the extent that they are otherwise included in total revenues.

1.	Total revenue for previous financial year (note 1)	\$	
Less the following items:			
2.	Revenue not attributable to CFA activities	\$	
3.	Advisory or sub-advisory fees paid to registrant firms or unregistered exempt international firms (note 2)	\$	
4.	Revenue subject to participation fee (line 1 less lines 2 and 3)	\$	
5.	Ontario percentage for previous financial year (See definition of “Ontario percentage” in the Rule)		%
6.	Specified Ontario revenues (line 4 multiplied by line 5)	\$	
7.	Participation fee (From Appendix A of the Rule, select the participation fee beside the specified Ontario revenues calculated above)	\$	

**FORM 13-503F2
ADJUSTMENT OF FEE PAYMENT FOR
COMMODITY FUTURES ACT REGISTRANT FIRMS**

Firm name: _____

End date of previous completed financial year: _____

Note: Paragraph 2.3(2) of OSC Rule 13-503 (the Rule) requires that this form must be filed concurrent with a completed Form 13-503F1 that shows the firm's actual participation fee calculation.

1. Estimated participation fee paid under section 2.3(1) of the Rule: _____
2. Actual participation fee calculated under paragraph 2.3(2)(b) of the Rule: _____
3. Refund due (Balance owing):
(Indicate the difference between lines 1 and 2) _____

**ONTARIO SECURITIES COMMISSION COMPANION POLICY
13-503CP (COMMODITY FUTURES ACT) FEES**

TABLE OF CONTENTS

PART	TITLE
PART 1	PURPOSE OF COMPANION POLICY
1.1	Purpose of companion policy
PART 2	PURPOSE AND GENERAL APPROACH OF THE RULE
2.1	Purpose and general approach of the rule
2.2	Participation fees
2.3	Application of participation fees
2.4	Registered individuals
2.5	Activity fees
2.6	Registrants under the <i>Securities Act</i> and the <i>Commodity Futures Act</i>
2.7	No refunds
2.8	Indirect avoidance of rule
2.9	Confidentiality of forms
PART 3	PARTICIPATION FEES
3.1	Liability for participation fees
3.2	Application to investment funds
3.3	Late fees
3.4	"CFA activities"
PART 4	ACTIVITY FEES
4.1	Concurrent application by permitted individual
PART 5	LATE FEES
5.1	Late fees relating to Form 33-506F5
5.2	Late fees under section 3.3 of the Rule for registrant firms
5.3	Late filings for purpose of amending Form 33-506F6

**ONTARIO SECURITIES COMMISSION
COMPANION POLICY 13-503CP (COMMODITY FUTURES ACT) FEES**

PART 1 — PURPOSE OF COMPANION POLICY

1.1 Purpose of Companion Policy — The purpose of this Companion Policy is to state the views of the Commission on various matters relating to OSC Rule 13-503 (*Commodity Futures Act*) Fees (the "Rule"), including an explanation of the overall approach of the Rule and a discussion of various parts of the Rule.

PART 2 — PURPOSE AND GENERAL APPROACH OF THE RULE

2.1 Purpose and general approach of the rule

- (1) The general approach of the Rule is to establish a fee regime that is consistent with the approach of OSC Rule 13-502 (the "OSA Fees Rule"), which governs fees paid under the *Securities Act*. Both rules are designed to create a clear and streamlined fee structure.
- (2) The fee regime of the Rule is based on the concepts of "participation fees" and "activity fees".

2.2 Participation fees

- (1) Registrant firms are required to pay participation fees annually.
- (2) Participation fees are designed to cover the Commission's costs not easily attributable to specific regulatory activities. The participation fee required of a person or company under Part 2 of the Rule is based on a measure of the person's or company's size, which is used as a proxy for its proportionate participation in the Ontario capital markets. In the case of a registrant firm, the participation fee is based on the firm's revenues attributable to its CFA activity in Ontario.

2.3 Application of participation fees – Although participation fees are determined with reference to information from a financial year of the payor generally ending before the time of their payment, they are applied to the costs of the Commission of regulating the ongoing participation in Ontario's capital markets of the payor and other market participants.

2.4 Registered individuals — The participation fee is paid at the firm level under the Rule. For example, a "registrant firm" is required to pay a participation fee, not an individual who is registered as a salesperson, representative, partner, or officer of the firm.

2.5 Activity fees — Activity fees are generally charged where a document of a designated class is filed. Estimates of the direct cost of Commission resources expended in undertaking the activities listed in Appendix B of the Rule are considered in determining these fees (e.g., reviewing registration applications and applications for discretionary relief). Generally, the activity fee charged for filing a document of a particular class is based on the average cost to the Commission of reviewing documents of the class.

2.6 Registrants under the CFA and the *Securities Act*

- (1) A registrant firm that is registered both under the CFA and the *Securities Act* is exempted by section 2.1 of the Rule from the requirement to pay a participation fee under the Rule if it is current in paying its participation fees under the OSA Fees Rule. The registrant

firm will include revenues derived from CFA activities as part of its revenues for purposes of determining its participation fee under the OSA Fees Rule.

- (2) A registrant firm that is registered both under the CFA and the *Securities Act* must pay activity fees under the CFA Rule even though it pays a participation fee under the OSA Fees Rule.

2.7 No refunds

- (1) The Rule provides the specific circumstances where the Commission is required to refund fees in subsections 2.3(3) of the Rule. This subsection allows for a refund where a registrant firm overpaid an estimated participation fee provided the request is made within the time the related form was required to be filed.
- (2) Generally, a person or company that pays a fee under the Rule is not entitled to a refund of that fee unless they meet the conditions set out in the rule and discussed in subsection (1) above. For example, there is no refund available for an activity fee paid in connection with an action that is subsequently abandoned by the payor of the fee. Also, there is no refund available for a participation fee paid by a registrant firm whose registration is terminated later in the year for which the fee was paid.
- (3) While the Commission will also review requests for adjustments to fees paid in the case of incorrect calculations, unless there are exceptional circumstances, we will not generally issue a refund if a request is made more than 90 days after the fee was required to be paid.

2.8 Indirect avoidance of rule — The Commission may examine arrangements or structures implemented by a person or company and their affiliates that raise the suspicion of being structured for the purpose of reducing the fees payable under the Rule. For example, the Commission will review circumstances in which revenues from registrable activities carried on by a corporate group are not treated as revenues of a registrant firm, to assess whether the firm has artificially reduced the firm's specified Ontario revenues and, consequently, its participation fee.

2.9 Confidentiality of forms — The material filed under the Part 2 of the Rule will be kept confidential. The Commission is of the view that the material contains intimate financial, commercial and technical information and that the interests of the filers in non-disclosure outweigh the desirability of the principle that the material be available for public inspection.

PART 3 — PARTICIPATION FEES

3.1 Liability for participation fees — Participation fees are payable annually by registrant firms as defined in Section 1.1 of the Rule.

3.2 Filing forms under Section 2.3 — If the estimated participation fee paid under subsection 2.3(1) of the Rule by a registrant firm does not differ from its true participation fee determined under subsection 2.3(2), the registrant firm is not required to file either a Form 13-503F1 or a Form 13-503F2 under subsection 2.3(3) of the Rule.

3.3 Late fees — Section 2.5 of the Rule prescribes an additional fee if a participation fee is paid late. The Commission and the Director will, in appropriate circumstances, consider tardiness in the payment of fees as a matter going to the fitness for registration of a registrant firm.

3.4 "CFA activities" — A person or company must consider its CFA activities when calculating its participation fee. The Commission is of the view that these activities include, without limitation, trading in commodity futures contracts, carrying on the business of providing commodity futures

Form 13-503F1

contracts-related advice and portfolio management services involving commodity futures contracts.

- 3.5 Permitted deductions** – Subsection 2.7 of the Rule permits certain deductions to be made for the purpose of calculating specified Ontario revenues for registrant firms. The purpose of these deductions is to prevent the “double counting” of revenues that would otherwise occur.

PART 4 — ACTIVITY FEES

- 4.1 Concurrent application by permitted individual** – Item C4 of Appendix B imposes a fee of \$100 for an individual seeking approval as a permitted individual. Item C5 imposes a fee of \$200 for an individual changing his or her status from a non-trading or non-advising capacity to a trading or advising capacity. If an individual makes a concurrent application for approval as a permitted individual and as an individual registered to trade or advise on behalf of a registrant firm, staff would expect a fee of \$200 in the aggregate.

PART 5 — LATE FEES

- 5.1 Late fees relating to Form 33-506F5** – Paragraph (e) to item A of Appendix C to the Rule provides for a late fee of \$100 per day to a maximum cap for each year. Form 33-506F5 is required to be filed for changes in registration information within the time periods specified in Parts 3 and 4 of OSC Rule 33-506. In some cases, registrant firms file the form merging a number of changes that have occurred and were required to be reported at different times. Staff will generally apply the late fee under paragraph (e) of Item A for each change reported on the F5 on the basis that a separate form was required to be filed in respect of each change.

(1.1) Under subsection 4.1(1) of OSC Rule 33-506 *Registration Information*, a change to information previously submitted in Item 10 of Form 33-506F4 is required to be filed within 10 days of the change. The change is made by submitting a completed Form 33-506F5. Subject to the exceptions in subsection (1.2) and a cap contained in Appendix C, a late filing gives rise to a late fee of \$100 per business day under subparagraph (e)(i) of Row A of Appendix C.

(1.2) Registrants have commented that the scope of outside business activities (OBAs) that are required to be reported under Item 10 may be unclear. We acknowledge these comments and the need for greater clarity regarding OBA reporting. To reduce regulatory burden while the reporting regime is considered, we will not require registrants to pay the \$100 per day late fee in respect of updating Item 10 for the period beginning January 1, 2019 to the earlier of: (i) the first date that an amendment to NI 33-109 comes into force that sets out the circumstances in which outside business activity is required to be disclosed; and (ii) December 31, 2021. In this regard, see the definitions of “OBA amendment” and “specified day” in section 1.1, read with revised text in Column B of Row A of Appendix C.

- 5.2 Late fees under section 3.3 of the Rule for registrant firms** – Appendix C to the Rule outlines additional fees payable by registrant firms for the late filing or delivery of certain forms or documents required under the Act. The Commission may consider the late filing or delivery of forms or documents when assessing the ongoing suitability for registration of a registrant firm.
- 5.3 Late filings for the purpose of amending Form 33-506F6** – For amendments to item 5.5 *Bonding or insurance details* on Form 33-506F6, registrant firms are expected to notify the regulator of any change to bonding or insurance details, including the renewal of an insurance policy. The Commission will not charge a late fee with respect to renewal of bonding or insurance policies. However, late notifications of any changes in insurer or coverage amounts are subject to the late fees outlined in the Rule.