

# Chapter 6

## Request for Comments

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

#### REQUEST FOR COMMENTS

#### PROPOSED AMENDMENTS TO OSC RULE 13-502 FEES AND COMPANION POLICY 13-502CP FEES

September 18, 2014

#### Introduction

The current fee structure under the *Securities Act* and the *Commodity Futures Act* was established in 2003 and the OSC typically re-evaluates its fee levels every three years. In February, the OSC committed to re-examine its fee structure early to consider issues raised by market participants and to ensure it remains appropriate and sound.

The Commission is publishing for a 90-day comment period proposed amendments (the Proposed Amendments or Proposed Rule) to OSC Rule 13-502 *Fees* (the Current Rule) made under the *Securities Act* (OSA), together with proposed changes (the Proposed CP Changes) to Companion Policy 13-502CP. In this Notice, the proposed versions of the Current Rule and the Companion Policy are referred to as the Proposed Rule and the Proposed CP, respectively. The Proposed Amendments and the Proposed CP Changes are referred to collectively as the Proposed Materials.

The Proposed Materials are available on the Commission's website ([www.osc.gov.on.ca](http://www.osc.gov.on.ca)). Related proposed changes to OSC Rule 13-503 (*Commodity Futures Act*) Fees are also being published for comment in this Bulletin.

The on-going feedback received by us on Commission fees charged suggests that they are considered by market participants to be a modest component of their overall cost structures. The input sought by the Commission includes whether any part of the proposals put forth today would, if implemented, change this assessment.

We request comments on the Proposed Materials by December 17, 2014.

#### Substance and Purpose of the Proposed Materials

The fee structure is designed to recover the costs the OSC incurs to provide protection to investors and promote efficient capital markets that are aligned with global markets. The two main types of fees charged under the Current Rule are participation fees and activity fees.

Participation fees are based on the cost of a broad range of regulatory services that cannot be practicably or easily attributed to individual activities or entities and are intended to serve as a proxy for the market participant's use of the Ontario capital markets. Participation fee levels are set using a tiered structure. Fees for issuers are based on average market capitalization in a fiscal year; fees for registrants are based on their Ontario revenues. Participation fees are set based on estimates of OSC operating costs for upcoming periods. The Current Rule has four main categories of participation fees:

- a. corporate finance participation fees for reporting issuers;
- b. capital markets participation fees for registrants and certain unregistered capital markets participants;
- c. participation fees for specified regulated entities (such as exchanges, alternative trading systems, clearing agencies and trade repositories), which are based on different factors depending on the type of regulated entity. For example, the entity's Canadian trading share, for exchanges and certain ATSS;
- d. participation fees for designated rating organizations which are set at a flat rate.

When the Current Rule was introduced in 2013, the calculations of participation fees were changed to be based on historical data or a reference fiscal year (RFY). Under the Current Rule, market participants who had a decline in their Ontario revenue or market capitalization across the fee cycle do not see any reduction in their fees. Similarly, those participants who experienced growth in Ontario revenue or market capitalization did not see any increase in their fees. At the time of the publication of the

Current Rule the OSC undertook to monitor carefully the participation fees collected and to assess the impact of using the RFY and to also consider whether any adjustments were necessary.

The Proposed Amendments introduce adjustments so that the fees charged by the OSC are aligned more closely with the Commission's costs and address concerns raised by market participants about the use of the RFY. The Proposed Rule will remove the use of the RFY and market participants will be required to calculate their participation fees payable using their most recent financial year information and, for registrants, the most recent financial year ending in the calendar year. The key advantage of this proposed change for participants is that the fees will more closely track current market conditions. The fees payable will increase or decrease based on actual changes in business conditions and performance. The disadvantage of this change is that it will reduce the predictability of fees receivable by the OSC.

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 C of the Current Rule are considered in determining these fees (e.g., reviewing prospectuses, 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. Under the Current Rule, there is also a provision in narrow circumstances for charging a variable cost-based fee for certain filings by entities such as exchanges, alternative trading systems and clearing agencies, in light of the high degree of variability of the costs in these filings. A small number of new fees are proposed primarily to achieve better matching of revenues to costs incurred for a specific activity (i.e. takeover bid fees) or to improve fairness or consistency of approach within the rule. Various minor administrative changes are also proposed to improve fairness, improve compliance or reduce regulatory burden (e.g. by reducing the collection of minor fees).

The proposed CP Changes reflect the Proposed Amendments. Further details on the Proposed Amendments and the Proposed CP Changes are provided below under the headings "Summary of Proposed Amendments" and "Summary of Proposed CP Changes".

Options to introduce new exempt market and derivative related fees were also considered. We are not proposing to include these fees in the Proposed Rule at this time because the underlying policy work on these issues has not been completed. Once this policy work is finalized, any proposed related fees will be included as consequential amendments to the fee rules within those policy proposals.

## **Anticipated Costs and Benefits and Supplementary Information**

### *Background*

The OSC, as a self-funded agency, strives to operate on a cost-recovery basis and is dependent on fees from market participants. Fees are generally set every three years based on the anticipated costs to be incurred over the following fee period. For the purpose of the Proposed Rule, the OSC used an annual growth factor of five percent over the current budget. Over recent years, the OSC has strived to contain costs. For example, the year over year cost increase from fiscal 2013 to fiscal 2014 was 2.5%. We also abide by all government fiscal directives. Despite this fiscal restraint, we need to make investments in infrastructure over the next few years including improvements in our information technology. We have also considered the requirement for additional resources in high growth areas. Given this, we believe that five percent is an appropriate growth rate which reflects our desire to keep cost increases to a minimum, while still allowing for some infrastructure spending and any growth required to regulate our increasingly complex marketplace.

### *Financial Impact*

The Proposed Rule contemplates reverting back to the previous model of utilizing a market participant's most recent financial year information. We are proposing to keep participation fee rates at the levels that became effective on April 7, 2014. We are also proposing to keep the participation fees flat for the duration of the Proposed Rule. This means that the participation fee rate increase in the Current Rule will not be implemented. Our analysis indicates that there has been sufficient growth in the markets since the reference fiscal year to allow the OSC to keep participation fees at current levels while still allowing us to cover our costs over the term of the Proposed Rule. Although the participation fee rate will remain unchanged, the amount of fees to be paid by each market participant will likely be higher, given the fact that the market has grown since the reference fiscal year; however the impact on each market participant will vary and be dependent on whether their Ontario revenue or market capitalization has increased or declined.

As discussed earlier in this notice, participation fees are currently calculated based on historical information, specifically information from a market participant's reference fiscal year. This change, which was implemented in April 2013, has been the subject of criticism from market participants due primarily to the disconnect between the reference year and their current market or fiscal situation. In particular, certain market participants whose fiscal information declined over the past two years expressed concern that they were required to pay more in participation fees than they otherwise would have. This concern led to the OSC's announcement to offer fee relief to certain market participants in February 2014. Additionally, other market participants

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expressed concern over the complexity of having to reference their participation fee calculation to historical information. The use of the reference fiscal year also contributed to a number of incorrect filings.

### *Predictability of OSC Fee Revenues*

The OSC's revenues, in particular revenue generated from participation fees, are directly tied to changes in market growth. For example, increases in the market capitalization could result in a reporting issuer being elevated to the next tier and paying a higher fee. This variability is tempered by the size of the tier, however this possibility still remains. The use of the reference fiscal year improved the predictability of fees for participants and the OSC's revenues. Reverting to using information from the most recent financial year will reduce our ability to accurately predict revenues and should there be a market decline, revenues may not be sufficient to cover costs.

### *Fairness of share of fees among registrants and issuers*

The OSC strives to balance the level of fees charged to registrants and issuers in relation to costs incurred for each group. This is evident in the Current Rule whereby the percentage change in the participation fee rates for issuers and registrants was different for each group. The proposal to maintain participation fee rates at their current levels, will result in achieving appropriate levels of cost recovery from each group.

### *Activity fees*

As has historically been the case, activity fees will generate just under 15% of total revenues. The OSC reviewed the current activity fees to determine whether the fee covered the average costs to perform the service as well as determine whether there were any other activities that should have fees associated with them. Overall, most activity fees either increased or remained flat with the majority of increases in the 6% to 8% range. Activity fees for Specified Regulated Entities are proposed to be increased by 10% to reflect the amount of staff effort required to address the filings.

### *Financial Summary*

	2014/2015	2015/2016	2016/2017	2017/2018
	<b>\$ Thousands</b>			
Total Revenues	101,325	114,289	114,631	115,677
less Expenses	102,976	108,125	113,531	119,208
Net Excess/(Shortfall)	(1,651)	6,164	1,100	(3,531)
Opening Surplus*	6,539	4,888	11,052	12,152
Closing Surplus*	4,888	11,052	12,152	8,621

\* Does not include Reserve Fund of \$20 million

### **Summary of the Proposed Amendments**

The Proposed Amendments are described in detail below.

#### **A. Participation Fees**

The Proposed Amendments use the most recent financial year data for the purpose of calculating the amount of participation fee payable as the basis for determining issuer market capitalization and registrant revenues. We believe this change would achieve a closer link between current financial performance of market participants and the level of fees they are required to pay.

##### **1) Corporate Finance Participation Fees**

###### **i. Streamline/Reduce the number of classes of issuers**

The segmentation of classes of reporting issuers have been revised under the Proposed Amendments, such that there are now four classes of reporting issuers: Class 1, Class 2, Class 3A and Class 3B. All classes, with the exception of Class 3A reporting issuers, have been substantially amended. Class 3A reporting issuers currently pay a set participation fee that is not tied to enterprise value (whether determined by market capitalization or otherwise) on the basis that such issuers' participation in

Ontario capital markets is substantially limited. Staff continues to be of the view that the fee structure of Class 3A reporting issuers is reasonable. As such, the definition of Class 3A reporting issuer has not been amended.

The following is a summary of the changes to the other classes of reporting issuers.

Under the Current Rule, the general distinction between Class 3C reporting issuers and Class 3B reporting issuers is predicated on the volume of trading activity between foreign and domestic jurisdictions. Where trading volume is higher in Canada, foreign incorporated listed issuers are generally considered to be Class 3C reporting issuers and pay the same participation fees as Class 1 reporting issuers and Class 2 reporting issuers. On the other hand, where trading volume is higher in a foreign marketplace, such issuers are considered to be Class 3B reporting issuers and are required to pay participation fees on a generally reduced fee schedule than that of Class 1, 2 and 3C reporting issuers.

Under the Proposed Amendments, Class 3B reporting issuers will be reporting issuers who are either “designated foreign issuers” or “SEC foreign issuers”, as such terms are defined under National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers* (NI 71-102). Staff is of the view that the existing qualifications for issuers who utilize the foreign continuous disclosure regime under NI 71-102 is a more accurate reflection of participation in Ontario capital markets, as opposed to the current measure which only analyzes trading volume. Application and verification of Class 3B status is also simplified, as reporting issuers are already required to indicate whether they are “71-102 issuers” (being either a “SEC foreign issuer” or “designated foreign issuer”) on their annual filings.

As a result of redefining Class 3B reporting issuers as described above, the Proposed Amendments also eliminate the segmentation of Class 3C reporting issuers by expanding the definition of Class 1 reporting issuers to include both domestic and foreign reporting issuers. As Class 3C reporting issuers are currently required to pay participation fees on the same schedule as Class 1 reporting issuers, current Class 3C reporting issuers who are redefined as Class 1 Reporting Issuers under the Proposed Rule will not be affected by this amendment. The definition of Class 1 reporting issuers has also been expanded to include all marketplaces, as opposed to those in Canada or the U.S. The expansion of marketplaces will classify reporting issuers who would have otherwise been Class 2 reporting issuers under the Current Rule as a result of being listed on a marketplace outside of North America (for example, the London Stock Exchange) as Class 1 reporting issuers. Staff notes that Class 2 reporting issuers are required to pay identical participation fees as Class 1 reporting issuers, however as they are not listed (or listed on an exchange outside of North America), the calculation of capitalization is derived from such issuers’ financial statements. As such, this proposal is intended to achieve equality among listed reporting issuers by requiring such issuers to calculate their capitalization using the same methodology.

*ii. Calculation of Issuer Capitalization*

Staff has reviewed the current requirements for calculating participation fees and has considered ways to simplify and streamline information requirements, ease verifiability of compliance, and promote fairness of the fees charged.

Currently, the capitalization calculation for issuers (other than for Class 2 reporting issuers, which is derived off of an issuer’s financial statements) is generally the sum of: (i) the average market value of an issuer’s listed or quoted securities over its reference or previous fiscal year, and (ii) the market value of unlisted securities that are initially issued to Canadians and are generally available for purchase and sale through a dealer network.

Staff notes that the current capitalization calculation involving an issuer’s listed or quoted securities, which entails multiplying the average monthly closing price of an issuer’s security by the number of those securities issued and outstanding at the end of an issuer’s fiscal year, could be materially impacted by stock splits or consolidations of an issuer’s share capital. Moreover, Staff notes that issuers have also faced difficulties in identifying unlisted securities generally available for purchase and sale, and that the determination of market value of such securities created complexity in calculating an issuer’s capitalization.

The Proposed Amendments require issuers (other than Class 2 reporting issuers) to calculate their capitalization as the sum of: (i) the total market value of all equity securities listed or quoted on a market place and (ii) the total fair value of its debt securities that are listed or quoted on a marketplace, trade over the counter or that are otherwise generally available for sale without regard to a statutory hold period. The market value of equity securities is calculated by multiplying the total number of securities of each class or series outstanding by the simple average of the closing prices of the class or series on the last trading day of each quarter. Staff is of the view that this approach simplifies the calculation as it involves less data points in determining the average price of a security and addresses unwarranted variances caused by splits or consolidations. Staff is also of the view that this approach eases variances in capitalization from year to year, as growth or decline is averaged out by calculating capitalization on a quarterly basis. With respect to the calculation of total market value of debt securities, Staff takes the view that a general approach should be used to capture debt securities along with further guidance in the companion policy to further clarify what we would expect to be included. As debt securities are generally recorded at fair market value on an issuer’s financial statements, Staff is of the view that an issuer should be able to extract from its financial statements the values that would be captured without having to make a difficult estimate of fair market value. As a result, this amendment should increase usability and alleviate such difficulties.

2) Capital Markets Participation Fees

i. *Calculation of Registrant Revenues*

Staff reviewed the elements required to calculate a registrant's or unregistered capital markets participant's specified Ontario revenue for the purpose of calculating the amount of participation fee payable to identify any practical opportunities to simplify and streamline information requirements.

The Proposed Amendments clarify the definition of capital markets activities to include activities for which registration is required, or activities for which an exemption from registration is required under the OSA or Commodity Futures Act, or would be so required if those activities were carried on in Ontario. This proposed amendment would ensure all firms accurately determine the specified Ontario revenues when applying the Ontario percentage to the revenues subject to participation fees.

The Proposed Amendments also simplify and clarify the definition of Ontario percentage by outlining the requirements for registrants or unregistered capital markets participants that have a permanent establishment in Ontario only, a permanent establishment in Ontario and elsewhere, and all other scenarios.

No other changes are recommended as the various deductions allowed in the formula are there for fairness reasons that outweigh our streamlining goal. As part of our attempts to simplify the formula, Staff reviewed the deductions taken and how often they are being used. While the deductions are not taken by a significant amount of registrants, those using them are impacted by the deductions and it would be unfair to have these registrants experience an increase in their fees, especially since these deductions were created for fairness purposes.

ii. *Filing and payment deadline for unregistered investment fund managers (IFMs)*

The Current Rule, which requires unregistered IFMs to file the participation fee calculation and pay participation fees within 90 days after the end of its fiscal year, has been amended to align with registrants and exempt international firms by requiring a filing deadline of December 1 and fee payment deadline of December 31. The Current Rule also requires only unregistered IFMs to pay participation fees within 90 days after the end of its fiscal year and requires them to file the participation fee calculation at the time it pays its participation fees. There is no policy reason to treat unregistered IFMs differently than registrants and other unregistered exempt international dealers and advisers and the Proposed Amendments reflect these changes.

iii. *Designated trade repositories (TR)*

The amendments propose the participation fee for a designated TR to increase from current \$30,000 to \$75,000 plus \$25,000 if the TR's share of total number of trades reported pursuant to OSC Rule 91-507 *Trade Repositories and Derivatives Data Reporting* is higher than 50% for any asset class. Staff have estimated that the current participation fee rate does not properly reflect the costs associated with the ongoing oversight of a TR. The new proposed fee is forecasted to be closer to the future actual costs of monitoring of how the TR meets the requirements under the TR Rule (91-507) and the designation order. The \$25,000 premium is meant to approximate the increased costs associated with a larger TR.

3) Certification of participation fees

The amendments propose to add a certification requirement or revise the existing requirement for certain participation fees. For registrants, the requirement would change from "management sign-off" to Chief Compliance Officer sign-off or equivalent. For issuers, the Proposed Rule introduces a requirement for certification/signoff by an Officer of the issuer. These changes are expected to bring more rigor to the fee calculation process undertaken by participants and improve our confidence in the accuracy of the calculations and fees paid.

4) Proration of Fees

Participation fees paid by entities for their first year of operation as a recognized, designated, or exempt entity in Ontario will be pro-rated (based on the number of months divided by twelve). The fee would be payable on the date the entity becomes subject to regulation or exempt from regulation. The prorated participation fees for exchanges and ATs will be based on current lowest participation fee an exchange or an ATs would pay.

The OSC is continuing to look for ways to increase the level of automation particularly where it interfaces with market participants. The forms set out in the Proposed Rule are only the current mode for collection of the prescribed information. The future format for the collection of the information prescribed in the Proposed Rule may need to be revised depending on the automated solution that is implemented.

B. *Activity Fees*

There are a number of proposed changes to the amounts of existing activity fees intended to better match the Commission's costs for specified activities and to reduce increases that would otherwise be required in the setting of participation fees. Proposed increases in activity fees reflect increases in OSC costs as well as increases in the complexity of much of the OSC's work which has resulted in greater time/resource requirements for certain activities.

1) *New Activity Fees*

i. *Take-over bids*

A fee is proposed to capture the filing of an information circular in connection with a going private transaction, reorganization, amalgamation, merger, arrangement or similar business combination. The proposed fees would better match our fees to our costs and reflect the significant volume of work involved on these corporate transactions

ii. *Pre-Filing Fee*

A fee at half the full corresponding application fee is proposed for certain pre-filings for Market Regulations recognitions and exemptions. This fee is proposed to be set at half the applicable fee rather than 100% as is the case with the other branches because application fees under other sections of Appendix C are materially less than the level of fees for these applications. The remaining difference between the pre-filing fee and the full application fee will be charged when a full application is received.

iii. *Review of Permitted Individuals*

An activity fee of \$100 is proposed when permitted individuals file Form 33-109F4 – Registration of Individuals and Review of Permitted Individuals. The proposed fees would better match our fees to our costs involved in review and assessment of suitability.

iv. *Designation as a trade repository*

A new fee for TR designation is proposed at designation as a trade repository at \$83,000, the same level as the fee for application for exemption from recognition as an exchange or clearing agency. The fee is based on the average actual costs incurred in MR for the last two applications for exemption.

v. *Designation as a Designated Rating Organization (DRO)*

A new fee of \$15,000 for an application for designation as a DRO is being proposed. Previously, these applications were subject to the basic application fee. The proposed fee is based on the costs incurred on previous DRO applications. Also being proposed is a \$15,000 fee for any application to vary an existing designation order for a DRO to reflect a merger, acquisition, reorganization or restructuring involving a DRO. Any other application for variation of a designation order for a DRO will be subject to a \$4,800 fee.

2) *Revised Activity Fees*

i. *Fee for prospectuses that "incorporate by reference" technical reports.*

Appendix C of the Proposed Rule has been amended) to include a proposed additional fee for prospectuses that "incorporate by reference" technical reports. The current activity fee only applies as an additional fee if a technical report accompanies a prospectus. Other than in an IPO, technical reports are not always filed concurrently with prospectuses, due to the fact that this filing may be required on the happening of other events pursuant to National Instrument 43-101 *Standards of Disclosure for Mineral Projects*, such as where technical information is contained in an AIF or where it is initially disclosed in a news release. Under this proposal, if a short-form prospectus incorporates by reference a technical report, a fee of \$2,500 would be payable. This reflects the fact that the technical report has to be reviewed in connection with the prospectus.

ii. *Affiliated individuals*

Amendments are proposed so that applications for exemptive relief that affect affiliated registrants engaging in an activity together will result in only one fee being charged. This reflects that the legal analysis for the relief is the same and that the relief for the affiliates is generally considered together.

*iii. Multi-Part Applications*

Currently, the applicant pays one activity fee even though relief is being sought from more than one section, The amendments propose to clarify that an additional activity fee may be required where relief from more than one provision is being sought in a single application. It also clarifies the amount of the fee for such applications. This proposal reflects the underlying policy for imposing activity fees and the fact that applications for multiple relief generally require more staff time, may, require a different analysis and can potentially involve multiple branches.

*3) Adjustments in Amounts of Existing Activity Fees*

There are a number of other proposed changes in the amounts of existing activity fees, made in order to better match the Commission's costs for specified activities. These increases helped offset any increases that would otherwise be required in the setting of the participation fee rates. Proposed increases in activity fees reflect increases in OSC costs as well as increases in the complexity of much of the OSC's work which has resulted in greater time/resource requirements for certain activities.

Overall most activity fees either increased or remained flat with most increases in the 6% - 8% range. Activity fees for Specified Regulated Entities were increased by 10%.

*C. Late Fees*

A number of proposals have been made to amend late fees under the Current Rule

- The Current Rule exempts unregistered IFMs from a filing fee if late in filing Form 13-502F4. There is no policy reason to treat unregistered IFMs differently than registrants and other unregistered exempt international dealers or advisers. Accordingly, we have proposed that unregistered IFMs will no longer be exempt from the late filing fee applicable to other registrants.
- The current maximum aggregate late fee per Appendix D is \$5,000 for all documents required to be filed by the firm within a calendar year. We have proposed to increase the maximum late fee payable to \$10,000 for the three largest categories of registrants.
- The Current Rule allows for a waiver of late fees (on participation fees only) of less than \$10. The Proposed Rule would allow the OSC to waive any late fees due of less than \$100. This change is being proposed in order to simplify this process and reduce administrative burden and costs both for the market participant and for the OSC to administer and collect these fees. The financial impact is immaterial.

The Proposed Amendments also include some non-material technical changes.

**Proposed Companion Policy Changes**

The purpose of the Proposed CP Changes is to clarify the Commission's view of the application of the Proposed Amendments, as well as to address the additional issues described below and to make a number of non-material technical changes. The most significant proposed amendments to the Companion Policy (CP) are with respect to refund requests. We receive a number of applications for refunds for amounts that are often significant. There is no specific guidance surrounding these requests. Language has been added to the CP to clarify the circumstances when, and the time frame within which a refund request will generally be considered by Staff. Staff will not generally consider a request for a refund made more than 90 days after the date a fee was paid.

**Authority for the Proposed Amendments**

Paragraph 43 of subsection 143(1) of the OSA authorizes the Commission to make rules "Prescribing the fees payable to the Commission, including those for filing, for applications for registration or exemptions, for trades in securities, in respect of audits made by the Commission, and in connection with the administration of Ontario securities law."

**Alternatives Considered**

The Commission did not consider any alternatives to rule amendments in the development of the Proposed Amendments.

**Unpublished Materials**

The Commission has not relied on any significant unpublished study, report, decision or other written materials in putting forward the Proposed Materials.

**Request for Comments**

We welcome your comments on the Proposed Amendments. In addition to any general comments you may have, we also invite comments on the following specific questions.

Currently, the requirement to pay fees for late document filings (late fees), detailed in Appendix D to OSC Rule 13-502 *Fees* (the Fee Rule), is on the issuer whose document was filed late. For issuers that are investment funds, this means that the investment fund is required to pay the applicable late fee. As the investment fund manager is responsible for the operations of each investment fund, the OSC is seeking comment on whether any late fees payable by investment funds should be borne by the investment fund manager, rather than by the fund itself.

- 1 Do you agree with the proposal to change the requirement in respect of the payment of late fees, such that an investment fund manager would be required to pay the late fee in respect of any investment funds for which it acts as investment fund manager? Why or why not?
- 2 If the investment fund manager is made responsible for paying the late fees in respect of its investment funds, should any changes be made to the way late fees are calculated for investment fund filings? In particular, should the maximum aggregate fee payable under Appendix D for the late filing of annual financial statements and interim financial reports be changed?
3. What impact, if any, would requiring the investment fund manager to pay the late fees on behalf of its investment funds have on the investment fund industry and the way investment fund managers charge fees to their funds?

**How to Provide Your Comments**

You must provide your comments in writing by December 17, 2014. If you are not sending your comments by email, you should also send an electronic file containing the submissions (in Windows format, Microsoft Word).

Please send your comments 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)

The Commission will publish written comments received unless the Commission approves a commenter's request for confidentiality or the commenter withdraws its comment before the comment's publication.

**Questions**

Please refer your questions to:

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April 1, 2013 Unofficial Consolidation – Rule 13-502 Fees

ONTARIO SECURITIES COMMISSION

RULE 13-502 FEES

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8.1 Exemption

**PART 9 REVOCATION AND EFFECTIVE DATE**

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Appendix A Corporate Finance Participation Fees (Other than Class 3A and Class 3B Issuers)

Appendix A.1 Corporate Finance Participation Fees for Class 3B Issuers

Appendix B Capital Markets Participation Fees

Appendix B.1 Participation Fees for Specified Regulated Entities

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ONTARIO SECURITIES COMMISSION

RULE 13-502 FEES

PART 1 — INTERPRETATION

1.1 Definitions — In this Rule,

“Canadian trading share”, in relation to a person or company that is a specified regulated entity for a specified period, means the average in the specified period of the following:

- (a) the share of the person or company of the total dollar values of trades of exchange-traded securities in Canada,
- (b) the share of the person or company of the total trading volume of exchange-traded securities in Canada, and
- (c) the share of the person or company of the total number of trades of exchange-traded securities in Canada;

“capitalization”, in relation to a reporting issuer, means the capitalization of the reporting issuer determined in accordance with section 2.8, 2.9 or 2.10, as the case may be;

“capital markets activities” means activities for which registration is required, or activities for which an exemption from registration is required under the Act or under the *Commodity Futures Act*, or would be so required if those activities were carried on in Ontario;

“Class 1 reporting issuer” means a reporting issuer, other than a Class 3A reporting issuer or a Class 3B reporting issuer, that at the end of its previous financial year, has securities listed or quoted on a marketplace;

“Class 2 reporting issuer” means a reporting issuer other than a Class 1 reporting issuer, a Class 3A reporting issuer or a Class 3B reporting issuer;

“Class 3A reporting issuer” means a reporting issuer that is not incorporated under the laws of Canada or a province or territory and that

- (a) had no securities listed or quoted on any marketplace at the end of its previous financial year, or
- (b) had securities listed or quoted on a marketplace at the end of its previous financial year and all of the following apply:
  - (i) at the end of its previous financial year, securities registered in the names of persons or companies resident in Ontario represented less than 1% of the market value of all of the reporting issuer’s outstanding securities for which it or its transfer agent or registrar maintains a list of registered owners;
  - (ii) the reporting issuer reasonably believes that, at the end of its previous financial year, securities beneficially owned by persons or companies resident in Ontario represented less than 1% of the market value of all its outstanding securities;
  - (iii) the reporting issuer reasonably believes that none of its securities traded on a marketplace in Canada during its previous financial year;
  - (iv) the reporting issuer has not issued any of its securities in Ontario in the last 5 years, other than
    - (A) to its employees or to employees of one or more of its subsidiaries, or
    - (B) to a person or company exercising a right previously granted by the reporting issuer or its affiliate to convert or exchange its previously issued securities without payment of any additional consideration;

“Class 3B reporting issuer” means a reporting issuer that

- (a) is not a Class 3A reporting issuer, and
- (b) is a designated foreign issuer or an SEC foreign issuer as those terms are defined in National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*;

“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;

“highest trading marketplace” means

- (a) the marketplace on which the highest volume in Canada of the class or series was traded in the previous financial year and which discloses regularly the prices at which those securities have traded,
- (b) if the class or series was not traded in the previous financial year on a marketplace in Canada, the marketplace on which the highest volume in the United States of America of the class or series was traded in the previous financial year and which discloses regularly the prices at which those securities have traded, or
- (c) if the class or series was not traded in the previous financial year on a marketplace in Canada or the United States of America, the marketplace on which the highest volume of the class or series was traded in the previous financial year and which discloses regularly the prices at which those securities have traded;

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

“interim period” has the same meaning as in NI 51-102;

“MFDA” means the Mutual Fund Dealers Association of Canada;

“net assets”, in relation to a person or company, means the total assets minus the total liabilities of the person or company, determined in accordance with the generally accepted accounting principles applying to the person or company;

“NI 31-103” means National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*;

“NI 33-109” means National Instrument 33-109 *Registration Information*;

“NI 45-106” means National Instrument 45-106 *Prospectus and Registration Exemptions*;

“NI 51-102” means National Instrument 51-102 *Continuous Disclosure Obligations*;

“NI 52-107” means National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*;

“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;

“parent” means a person or company of which another person or company is a subsidiary;

“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 NI 33-109;

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

- (a) the most recently completed financial year of the person or company, and
- (b) for registrants and unregistered capital markets participants, the financial year of the person or company ending in the calendar year;

“registrant firm” means a registered dealer, registered adviser or registered investment fund manager;

“specified Ontario revenues”, in relation to a person or company for a financial year, means the specified Ontario revenues of the person or company calculated for the financial year under section 3.5 or 3.6, as the case may be;

“specified period” means the period beginning on April 1 of the previous calendar year and ending on March 31 of the calendar year;

“specified trading period” means, in respect of a reporting issuer’s financial year, each period that is an interim period in the financial year and the period commencing on the first day of the financial year and ending on the last day of the financial year;

“specified regulated entity” means a person or company described in Column A of Appendix B.1 of the rule;

“subsidiary” means, subject to subsection 1(4) of the Act, a subsidiary of a person or company as determined in accordance with the generally accepted accounting principles applying to the person or company;

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

“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);

“unregistered capital markets participant” means

- (a) an unregistered investment fund manager, or
- (b) an unregistered exempt international firm;

“unregistered exempt international firm” means a dealer or adviser that is not registered under the Act if one or both of the following apply:

- (a) the dealer or adviser is exempt from the dealer registration requirement and the underwriter registration requirement only because of section 8.18 [*International dealer*] of NI 31-103;
- (b) the dealer or adviser is exempt from the adviser registration requirement only because of section 8.26 [*International adviser*] of NI 31-103;

“unregistered investment fund manager” means an investment fund manager of one or more investment funds that is not registered as an investment fund manager in accordance with Ontario securities law, other than an investment fund manager that does not have a place of business in Ontario, and one or more of the following apply:

- (a) none of the investment funds has security holders who are residents in Ontario;
- (b) the investment fund manager and the investment funds have not, at any time after September 27, 2012, actively solicited Ontario residents to purchase securities of any of the investment funds.

**1.2 Interpretation of “listed or quoted”** — In this Rule, a reporting issuer is deemed not to have securities listed or quoted on a marketplace that lists or quotes the reporting issuer’s securities unless the reporting issuer or an affiliate of the reporting issuer applied for, or consented to, the listing or quotation.

## PART 2 — CORPORATE FINANCE PARTICIPATION FEES

### Division 1: General

**2.1 Application** — This Part does not apply to an investment fund that has an investment fund manager.

### 2.2 Participation fee

- (1) A reporting issuer that is a Class 1 reporting issuer or a Class 2 reporting issuer must, after each of its financial years, pay the participation fee shown in Appendix A opposite the capitalization of the reporting issuer for the previous financial year.
- (2) A reporting issuer that is a Class 3A reporting issuer must, after each of its financial years, pay a participation fee of \$1,070.
- (3) A reporting issuer that is a Class 3B reporting issuer must, after each of its financial years, pay the participation fee shown in Appendix A.1 opposite the capitalization of the reporting issuer for the previous financial year.
- (4) Despite subsections (1) to (3), a participation fee is not payable by a participant under this section if the participant became a reporting issuer in the period that begins immediately after the time that would otherwise be the end of the previous financial year in respect of the participation fee and ends at the time the participation fee would otherwise be required to be paid under section 2.3.

**2.3 Time of payment** — A reporting issuer must pay the participation fee required under section 2.2 by the earlier of

- (a) the date on which its annual financial statements for its previous financial year are required to be filed under Ontario securities law, and
- (b) the date on which its annual financial statements for its previous financial year are filed.

### 2.4 Participation fee exemptions for subsidiaries

- (1) Section 2.2 does not apply to a reporting issuer that is a subsidiary if all of the following apply:
  - (a) at the end of the subsidiary's previous financial year, the parent of the subsidiary was a reporting issuer;
  - (b) the audited financial statements of the parent prepared in accordance with NI 52-107 require the consolidation of the parent and the subsidiary;
  - (c) the parent has paid a participation fee under subsection 2.2(1) calculated based on the capitalization of the parent for the previous financial year;
  - (d) in the case of a parent that is a Class 1 reporting issuer, the capitalization of the parent for the previous financial year included the capitalization of the subsidiary as required under paragraph 2.8(1)(c);
  - (e) in the previous financial year,
    - (i) the net assets and total revenues of the subsidiary represented more than 90% of the consolidated net assets and total revenues of the parent in the parent's previous financial year, or
    - (ii) the subsidiary was entitled to rely on an exemption or waiver from the requirements in subsections 4.1(1), 4.3(1), 5.1(1) or section 5.2, and section 6.1 of NI 51-102.
- (2) A reporting issuer referred to in subsection (1) must file a completed Form 13-502F6 that contains a certification signed by an officer of the reporting issuer, by the earlier of
  - (a) the date on which its annual financial statements for its previous financial year are required to be filed under Ontario securities law, or would have been required to be filed under Ontario securities law absent an exemption or waiver described in subparagraph (1)(e)(ii), and

- (b) the date on which it files its annual financial statements for its previous financial year.

## 2.5 Participation fee estimate for Class 2 reporting issuers

- (1) If the annual financial statements of a Class 2 reporting issuer are not available by the date referred to in paragraph 2.3(a), the Class 2 reporting issuer must, on that date,
  - (a) file a completed Form 13-502F2 showing a good faith estimate of the information required to calculate its capitalization as at the end of the previous financial year, and
  - (b) pay the participation fee shown in Appendix A opposite the estimated capitalization.
- (2) A Class 2 reporting issuer that estimated its capitalization under subsection (1) must, when it files its annual financial statements for the previous financial year,
  - (a) calculate its capitalization under section 2.9,
  - (b) pay the participation fee shown in Appendix A opposite the capitalization, less the participation fee paid under subsection (1), and
  - (c) file a completed Form 13-502F2A that contains a certification signed by an officer of the reporting issuer.
- (3) If the amount paid by a reporting issuer under subsection (1) exceeds the participation fee calculated under subsection (2), the issuer is entitled to a refund from the Commission of the amount overpaid.
- (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.

## 2.6 Filing report and certification

- (1) At the time that it pays the participation fee required by this Part,
  - (a) a Class 1 and a Class 3B reporting issuer must file a completed Form 13-502F1,
  - (b) a Class 2 reporting issuer must file a completed Form 13-502F2, and
  - (c) a Class 3A reporting issuer must file a completed Form 13-502F3A.
- (2) A form required to be filed under subsection (1) must contain a certification signed by an officer of the reporting issuer.

## 2.7 Late fee

- (1) A reporting issuer 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) If a late fee calculated under subsection (1) is less than \$100, it is deemed to be nil.

## Division 2: Calculating Capitalization

### 2.8 Class 1 reporting issuers

- (1) The capitalization of a Class 1 reporting issuer for the previous financial year is the total of all of the following:
  - (a) for each class or series of the reporting issuer's equity securities listed or quoted on a marketplace,
    - (i) the sum of the market value of the securities listed or quoted on a marketplace at the end of the last trading day of each specified trading period in the previous financial year of the reporting issuer, calculated for each specified trading period as follows:

$$A \times B$$

in which,

- “A” is equal to the closing price of the security in the class or series on the last trading day of the specified trading period in which such security was listed or quoted on the highest trading marketplace, and
- “B” is equal to the number of securities in the class or series of such security outstanding at the end of the specified trading period,
- (ii) divided by the number of specified trading periods in the reporting issuer’s previous financial year in which the security of the reporting issuer was listed or quoted on a marketplace at the end of the last trading day of a specified trading period;
- (b) the fair value of the outstanding debt securities of the reporting issuer at the end of the previous financial year that are,
  - (i) listed or quoted on a marketplace,
  - (ii) traded over the counter, or
  - (iii) available for purchase or sale without regard to a statutory hold period;
- (c) the capitalization for the previous financial year of a subsidiary that is exempt under subsection 2.4(1), calculated in accordance with paragraphs (1)(a) and (1)(b), and excluding any securities of the subsidiary held by the parent that have been included in the capitalization of the parent for the previous financial year.

## 2.9 Class 2 reporting issuers

- (1) The capitalization of a Class 2 reporting issuer for the previous financial year is the total of all of the following items, as shown in its audited statement of financial position as at the end of the previous financial year:
  - (a) retained earnings or deficit;
  - (b) contributed surplus;
  - (c) share capital or owners’ equity, options, warrants and preferred shares;
  - (d) non-current borrowings, including the current portion;
  - (e) finance leases, including the current portion;
  - (f) non-controlling interest;
  - (g) items classified on the statement of financial position as non-current liabilities, and not otherwise referred to in this subsection;
  - (h) any other item forming part of equity not otherwise referred to in this subsection.
- (2) Despite subsection (1), a reporting issuer may calculate its capitalization using unaudited annual financial statements if it is not required to prepare, and does not ordinarily prepare, audited annual financial statements.
- (3) Despite subsection (1), a reporting issuer that is a trust that issues only asset-backed securities through pass-through certificates may calculate its capitalization using the monthly filed distribution report for the last month of the previous financial year if it is not required to prepare, and does not ordinarily prepare, audited annual financial statements.

**2.10 Class 3B reporting issuers** — The capitalization of a Class 3B reporting issuer must be determined under section 2.8, as if it were a Class 1 reporting issuer.

**2.11 Reliance on published information**

- (1) Subject to subsection (2), in determining its capitalization, a reporting issuer may rely on information made available by a marketplace on which its securities trade.
- (2) If a reporting issuer reasonably believes that the information made available by a marketplace is incorrect, the issuer must make a good faith estimate of the information required.

**PART 3 — CAPITAL MARKETS PARTICIPATION FEES**

**Division 1: General**

**3.1 Participation fee – Registrant firms and unregistered capital markets participants**

- (1) A registrant firm or an unregistered capital markets participant must, by December 31 in each year, pay the participation fee shown in Appendix B opposite the specified Ontario revenues for the previous financial year of the firm or participant.
- (2) A registrant firm or an unregistered capital markets participant must, by December 1 in each year, file a completed Form 13-502F4 showing the information required to determine the participation fee referred to in subsection (1).
- (3) Despite subsection (2), a firm that becomes registered, or provides notification that it qualifies as an unregistered capital markets participant, between December 1 and 31, must file a completed Form 13-502F4 within 60 days of the date of registration or notification.
- (4) Subsection (1) does not apply to a person or company that ceased at any time in the financial year to be an unregistered investment fund manager if the person or company did not become a registrant firm in the year.
- (5) Despite subsection (1), the participation fee for an unregistered investment fund manager as at December 31, 2015 is nil provided that
  - (a) the unregistered investment fund manager has a financial year ending in 2015 between January 1 and the day immediately prior to the effective date of this Rule, and
  - (b) the unregistered investment fund manager paid the applicable participation fee for the financial year referred to in paragraph (a) within 90 days of its financial year end.

**3.2 Estimating specified Ontario revenues for late financial year end**

- (1) If the annual financial statements of a registrant firm or an unregistered capital markets participant for a previous financial year are not completed by December 1 in the calendar year in which the previous financial year ends, the firm or participant must,
  - (a) by December 1, file a completed Form 13-502F4 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 B opposite its estimated specified Ontario revenues for the previous financial year.
- (2) A registrant firm or an unregistered capital markets participant that estimated its specified Ontario revenues for a previous financial year 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 B opposite the specified Ontario revenues, and
  - (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 13-502F4 and Form 13-502F5.

- (3) A registrant firm or unregistered capital markets participant 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.

**3.3 Certification** – A form required to be filed under section 3.1 or 3.2 must contain a certification signed by

- (a) the chief compliance officer of the registrant or the unregistered capital markets participant, or
- (b) in the case of an unregistered capital markets participant without a chief compliance officer, an individual acting in a similar capacity.

**3.4 Late fee**

- (1) A person or company 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.

**Division 2: Calculating Specified Ontario Revenues**

**3.5 Calculating specified Ontario revenues for IIROC and MFDA members**

- (1) The specified Ontario revenues for a previous financial year of a registrant firm that was an IIROC or MFDA 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 capital markets 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,
  - (a) for a registrant firm that was an IIROC member at the end of the previous financial year, 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; and
  - (b) for a registrant firm that was an MFDA member at the end of the previous financial year, the amount shown as total revenue for the previous financial year on Statement D of the *MFDA Financial Questionnaire and Report* filed with the MFDA by the registrant firm.

**3.6 Calculating specified Ontario revenues for others**

- (1) The specified Ontario revenues for a previous financial year of a registrant firm that was not a member of IIROC or the MFDA at the end of the previous financial year, or an unregistered capital markets participant, is calculated by multiplying
  - (a) the firm's total revenues, as shown in the audited financial statements prepared in accordance with NI 52-107 for the previous financial year, less deductions permitted under subsection (2),
  - by
  - (b) the firm's Ontario percentage for the previous financial year.
- (2) For the purpose of paragraph (1)(a), a person or company may deduct the following items, if earned in the previous financial year, from its total revenues:
  - (a) revenues not attributable to capital markets activities;

- (b) redemption fees earned on the redemption of investment fund securities sold on a deferred sales charge basis;
  - (c) administration fees earned relating to the recovery of costs from investment funds managed by the person or company for operating expenses paid on behalf of the investment funds by the person or company;
  - (d) advisory or sub-advisory fees paid during the financial year by the person or company to
    - (i) a registrant firm, as “registrant firm” is defined in this Rule or in Rule 13-503 (*Commodity Futures Act*) Fees, or
    - (ii) an unregistered exempt international firm;
  - (e) trailing commissions paid during the financial year by the person or company to a registrant firm described in subparagraph (d)(i).
- (3) Despite subsection (1), an unregistered capital markets participant may calculate its gross revenues using unaudited financial statements if it is not required to prepare, and does not ordinarily prepare, audited financial statements.

#### **PART 4 – PARTICIPATION FEES FOR SPECIFIED REGULATED ENTITIES**

##### **4.1 Recognized exchange**

- (1) A recognized exchange must, no later than April 30 in each calendar year, pay the participation fee shown in Column B of Appendix B.1 opposite the corresponding Canadian trading share of the exchange for the specified period in Rows A1 to A6 of Column A.
- (2) If there are two or more recognized exchanges, each of which is related to each other,
  - (a) the obligation under subsection (1) and Appendix B.1 must be calculated as if the recognized exchanges are a single entity, and
  - (b) each recognized exchange is jointly and severally liable in respect of the obligation.

##### **4.2 Recognized quotation and trade reporting system**

A recognized quotation and trade reporting system must, no later than April 30 in each calendar year, pay the participation fee shown in Column B of Appendix B.1 opposite the corresponding Canadian trading share of the quotation and trade reporting system for the specified period in Rows A1 to A6 of Column A.

##### **4.3 Alternative trading system**

- (1) An alternative trading system described in Row C1 in Column A of Appendix B.1 must, no later than April 30 in each calendar year, pay a participation fee equal to the lesser of
  - (a) the participation fee set for the alternative trading system in Column B of Appendix B.1 as if it were a recognized exchange, opposite the corresponding Canadian trading share of the alternative trading system for the specified period in Rows A1 to A6 of Column A, less the capital markets participation fee paid under section 3.1 or 3.2 by the person or company on its specified Ontario revenues in the preceding financial year, and
  - (b) \$17,000
- (2) An alternative trading system described in Row C2 in Column A of Appendix B.1 must, no later than April 30 in each calendar year, pay a participation fee equal to the lesser of
  - (a) \$30,000, less the capital markets participation fee paid under section 3.1 or 3.2 by the person or company on its specified Ontario revenues in the preceding financial year, and
  - (b) \$8,750

- (3) An alternative trading system described in row C3 in Column A of Appendix B.1 must, no later than April 30 in each calendar year, pay a participation fee equal to the lesser of
  - (a) \$30,000, less the capital markets participation fee paid under section 3.1 or 3.2 by the person or company on its specified Ontario revenues in the preceding financial year, and
  - (b) \$17,000
- (4) If the amount determined under paragraph 1(a), 2(a) or 3(a) is negative, the amount must be refunded to the person or company not later than June 1 in the calendar year.
- (5) If there are two or more alternative trading systems that trade the same asset class, each of which is related to each other,
  - (a) the obligation under subsections (1) to (3) and Appendix B.1 must be calculated as if the alternative trading systems are a single entity, and
  - (b) each alternative trading system is jointly and severally liable in respect of the obligation.
- (6) If there are two or more alternative trading systems, each of which is related to each other and each of which trades different asset classes, each alternative trading system must pay a participation fee as determined under subsection (1), (2) or (3).

**4.4 Recognized clearing agencies**

A recognized clearing agency must, no later than April 30 in each calendar year, pay the aggregate of the participation fees shown in Column B of Appendix B.1 opposite the services described in Rows D1 to D6 of Column A that are provided by the clearing agency in the specified period.

**4.5 Other specified regulated entities**

A person or company described in row B1, E1 or F1 in Column A of Appendix B.1 must, no later than April 30 in each calendar year, pay the participation fee shown in Column B of Appendix B.1 opposite the corresponding description in Row B1, E1 or F1, as the case may be.

**4.6 Participation fee on recognition, designation, etc.**

- (1) A person or company must, on the date it first becomes a specified regulated entity, pay a participation fee of  $A \times B \div C$ , where
  - “A” is
    - (i) in the case of a recognized exchange, a recognized quotation and trade reporting system or an alternative trading system, \$30,000,
    - (ii) in the case of an exchange exempt from recognition under the Act, \$10,000,
    - (iii) in the case of a recognized clearing agency, the aggregate of the participation fees shown in Column B of Appendix B.1 opposite the services described in Rows D1 to D6 of Column A that are to be provided by the clearing agency in the specified period,
    - (iv) in the case of a clearing agency exempt from recognition under the Act, \$10,000,
    - (v) in the case of a designated trade repository, \$75,000,
  - “B” is the number of complete months remaining from the month in which the person or company first became a specified regulated entity until March 31, and
  - “C” is 12

- (2) If a person or company first becomes a specified regulated entity between January 1 and March 31 of a calendar year, the fee required to be paid under subsection (1) is in addition to the fee required to be paid by the person or company in the same calendar year under section 4.1 to section 4.5.

**4.7 Form** – A payment made under section 4.1 to section 4.6 must be accompanied by a completed Form 13-502F7.

**4.8 Late fee**

- (1) A person or company that is late 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) If the late fee calculated under subsection (1) is less than \$100, it is deemed to be nil.

**PART 5 – PARTICIPATION FEES FOR DESIGNATED CREDIT RATING ORGANIZATIONS**

**5.1 Payment of participation fee**

- (1) A designated credit rating organization must, after each financial year,
  - (a) pay a participation fee of \$15,000, and
  - (b) file a completed Form 13-502F8.
- (2) A designated credit rating organization must comply with subsection (1) by the earlier of
  - (a) the date on which it is required to file a completed Form 25-101FI Designated Rating Organization Application and Annual Filing in respect of the financial year under National Instrument 25-101 *Designated Rating Organizations*, and
  - (b) the date on which it files a completed form 25-101FI Designated Rating Organization Application and Annual Filing in respect of the financial year.

**5.2 Late fee**

- (1) A designated credit rating organization that is late 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) If a late fee calculated under subsection (1) is less than \$100, it is deemed to be nil.

**PART 6 — ACTIVITY FEES**

**6.1 Activity fees – General** — A person or company must, when filing a document or taking an action described in any of Rows A to O of Column A of Appendix C, pay the activity fee shown opposite the description of the document or action in Column B.

**6.2 Information request** — A person or company that makes a request described in any of Rows P1 to P3 of Column A of Appendix C must pay the fee shown opposite the description of the request in Column B of Appendix C before receiving the document or information requested.

**6.3 Investment fund families and affiliated registrants** — Despite section 6.1, only one activity fee must be paid for an application made by or on behalf of

- (a) two or more investment funds that have
  - (i) the same investment fund manager, or
  - (ii) investment fund managers that are affiliates of each other; or
- (b) two or more registrants that
  - (i) are affiliates of each other, and

- (ii) make an application described in item E of Column A of Appendix C in respect of a joint activity.

#### 6.4 Late fee

- (1) A person or company that files or delivers a form or document listed in Row A or B of Column A of Appendix D 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 D opposite the description of the form or document.
- (2) A person or company that files a Form 55-102F2 Insider Report after it was required to be filed must pay the late fee shown in Row C of Column B of Appendix D on receiving an invoice from the Commission.
- (3) Subsection (2) does not apply to the late filing of Form 55-102F2 Insider Report by an insider of a reporting issuer if
  - (a) the head office of the reporting issuer is located outside Ontario; and
  - (b) the insider is required to pay a late fee for the filing in another province or territory.

#### PART 7 — CURRENCY CONVERSION

- 7.1 **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 noon exchange rate for that date as posted on the Bank of Canada website.

#### PART 8 — EXEMPTION

- 8.1 **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 9 — REVOCATION AND EFFECTIVE DATE

- 9.1 **Revocation** — Rule 13-502 Fees, which came into force on \_\_\_\_\_, is revoked.
- 9.2 **Effective date** — This Rule comes into force on \_\_\_\_\_.

**APPENDIX A  
CORPORATE FINANCE PARTICIPATION FEES**

<b>Capitalization for the Previous Financial Year</b>	<b>Participation Fee (effective April 1, 2015)</b>
Under \$10 million	\$890
\$10 million to under \$25 million	\$1,070
\$25 million to under \$50 million	\$2,590
\$50 million to under \$100 million	\$6,390
\$100 million to under \$250 million	\$13,340
\$250 million to under \$500 million	\$29,365
\$500 million to under \$1 billion	\$40,950
\$1 billion to under \$5 billion	\$59,350
\$5 billion to under \$10 billion	\$76,425
\$10 billion to under \$25 billion	\$89,270
\$25 billion and over	\$100,500

**APPENDIX A.1**  
**CORPORATE FINANCE PARTICIPATION FEES FOR CLASS 3B ISSUERS**

<b>Capitalization for the Previous Financial Year</b>	<b>Participation Fee (effective April 1, 2015)</b>
under \$10 million	\$890
\$10 million to under \$25 million	\$1,070
\$25 million to under \$50 million	\$1,195
\$50 million to under \$100 million	\$2,135
\$100 million to under \$250 million	\$4,450
\$250 million to under \$500 million	\$9,780
\$500 million to under \$1 billion	\$13,650
\$1 billion to under \$5 billion	\$19,785
\$5 billion to under \$10 billion	\$25,460
\$10 billion to under \$25 billion	\$29,755
\$25 billion and over	\$33,495

**APPENDIX B  
CAPITAL MARKETS PARTICIPATION FEES**

<b>Specified Ontario Revenues for the Previous Financial Year</b>	<b>Participation Fee (effective April 1, 2015)</b>
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.1**  
**PARTICIPATION FEES FOR SPECIFIED REGULATED ENTITIES**  
**Part 3.1 of the Rule**

Row	Specified Regulated Entity (Column A)	Participation Fee (Column B)
	<b>A. Recognized exchange and recognized quotation and trade reporting system</b>	
A1	A person or company with a Canadian trading share for the specified period of up to 5%.	\$30,000
A2	A person or company with a Canadian trading share for the specified period of 5% to up to 15%.	\$50,000
A3	A person or company with a Canadian trading share for the specified period of 15% to up to 25%.	\$135,000
A4	A person or company with a Canadian trading share for the specified period of 25% to up to 50%.	\$275,000
A5	A person or company with a Canadian trading share for the specified period of 50% to up to 75%.	\$400,000
A6	A person or company with a Canadian trading share for the specified period of 75% or more.	\$500,000
	<b>B. Exchanges Exempt from Recognition under the Act</b>	
B1	A person or company that is exempted by the Commission from the application of subsection 21(1) of the <i>Act</i> .	\$10,000
	<b>C. Alternative Trading Systems</b>	
C1	Each alternative trading system for exchange-traded securities only.	Lesser of  (a) The amount in A1 to A6 determined based on Canadian trading share of alternative trading system less capital markets participation fee paid in respect of previous year, and  (b) \$17,000
C2	Each alternative trading system only for unlisted debt or securities lending.	Lesser of  (a) \$30,000 less capital markets participation fee paid in respect of the previous year, and

Row	Specified Regulated Entity (Column A)	Participation Fee (Column B)
C3	Each alternative trading system not described in Row C1 or C2.	(b) \$8,750  Lesser of  (a) \$30,000 less capital markets participation fee paid in respect of the previous year, and  (b) \$17,000
	<b>D. Recognized Clearing Agencies - Services</b>	
D1	Matching services, being the provision of facilities for comparing data respecting the terms of settlement of a trade or transaction.	\$10,000
D2	Netting services, being the provision of facilities for the calculation of the mutual obligations of participants for the exchange of securities and/or money.	\$20,000
D3	Settlement services, being services that ensure that securities are transferred finally and irrevocably from one participant to another in exchange for a corresponding transfer of money and/or <i>vice versa</i> .	\$20,000
D4	Acting as a central clearing counterparty by providing novation services, if the Commission does not place reliance on another regulator for direct oversight.	\$150,000
D5	Acting as a central clearing counterparty by providing novation services, if the Commission places reliance on another regulator for direct oversight.	\$70,000
D6	Depository services, being the provision of centralized facilities as a depository for securities.	\$20,000
	<b>E. Clearing Agencies Exempt from Recognition under the Act</b>	
E1	Each clearing agency that is exempted by the Commission from the application of subsection 21.2(1) of the <i>Act</i> .	\$10,000

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Row	Specified Regulated Entity (Column A)	Participation Fee (Column B)
F1	<b>F. Designated Trade Repositories</b>  Each designated trade repository designated under subsection 21.2.2(1) of the Act.	\$75,000 (plus an additional \$25,000 if the trade repository's share of the total number of trades of any asset class reported under OSC Rule 91-507 is greater than 50% of global trades in that asset class).

**APPENDIX C**  
**ACTIVITY FEES**

Row	Document or Activity (Column A)	Fee (Column B)
	<b>A. Prospectus Filings</b>	
A1	Preliminary or Pro Forma Prospectus in Form 41-101F1 (including if PREP procedures are used)	\$3,800
A2	Additional fee(s) for Preliminary or Pro Forma Prospectus of an issuer that is accompanied by, or incorporates by reference, technical report(s) that has not or have not been previously incorporated by reference in a Preliminary or Pro Forma Prospectus	\$2,500 for each technical report
A3	Preliminary Short Form Prospectus in Form 44-101F1 (including if shelf or PREP procedures are used) or a Registration Statement on Form F-9 or F-10 filed by an issuer that is incorporated or that is organized under the laws of Canada or a jurisdiction in Canada province or territory in connection with a distribution solely in the United States under MJDS as described in the companion policy to NI 71-101 <i>The Multijurisdictional Disclosure System</i> .	\$3,800
A4	Prospectus Filing by or on behalf of certain investment Funds  (a) Preliminary or Pro Forma Simplified Prospectus and Annual Information Form in Form 81-101F1 and Form 81-101F2  (b) Preliminary or Pro Forma Prospectus in Form 41-101F2 or Scholarship Plan Prospectus in Form 41-101F3	The greater of (i) \$3,800 for a prospectus, and (ii) \$400 for each mutual fund in a prospectus.  The greater of (i) \$3,800 for a prospectus, and (ii) \$650 for each investment fund in a prospectus.
A5	Review of prospectus supplement in relation to a specified derivative (as defined in National Instrument 44-102 <i>Shelf Distributions</i> ).	\$3,800

Row	Document or Activity (Column A)	Fee (Column B)
A6	Filing of prospectus supplement in relation to a specified derivative (as defined in National Instrument 44-102 <i>Shelf Distributions</i> ) for which the amount payable is determined with reference to the price, value or level of an underlying interest that is unrelated to the operations or securities of the issuer.	\$500
	<p><b>B. Fees relating to exempt distributions under OSC Rule 45-501 <i>Ontario Prospectus and Registration Exemptions</i> and NI 45-106 <i>Prospectus and Registration Exemptions</i></b></p> <p>B1 Application for recognition, or renewal of recognition, as an accredited investor</p> <p>B2 Filing of a Form 45-501F1 or Form 45-106F1 for a distribution of securities of an issuer</p> <p>B3 Filing of a rights offering circular in Form 45-101F</p>	<p>\$500</p> <p>\$500</p> <p>\$3,800</p> <p>(plus an additional fee of \$2,000 in connection with any application or filing described in any of Rows B1 to B3 if neither the applicant nor the filer or an issuer of which the applicant or filer is a wholly owned subsidiary is subject to, or is reasonably expected to become subject to, a participation fee under this Rule)</p>
C1	<p><b>C. Notice of exemption</b></p> <p>Provision of Notice under paragraph 2.42(2)(a) of NI 45- 106 <i>Prospectus and Registration Exemptions</i></p>	\$2,000
D1	<p><b>D. Syndicate Agreement</b></p> <p>Filing of Prospecting Syndicate Agreement</p>	\$500

Row	Document or Activity (Column A)	Fee (Column B)
	<b>E. Applications for specifically enumerated relief, approval, recognition, designation, etc.</b>	
E1	An application for relief from this Rule.	\$1,800
E2	An application for relief from any of the following: <ul style="list-style-type: none"> <li>(a) NI 31-102 <i>National Registration Database</i>;</li> <li>(b) NI 33-109 <i>Registration Information</i>;</li> <li>(c) section 3.11 [<i>Portfolio manager – advising representative</i>] of NI 31-103;</li> <li>(d) section 3.12 [<i>Portfolio manager – associate advising representative</i>] of NI 31-103;</li> <li>(e) section 3.13 [<i>Portfolio manager – chief compliance officer</i>] of NI 31-103;</li> <li>(f) section 3.14 [<i>Investment fund manager – chief compliance officer</i>] of NI 31-103;</li> <li>(g) section 9.1 [<i>IIROC membership for investment dealers</i>] of NI 31-103;</li> <li>(h) section 9.2 [<i>MFDA membership for mutual fund dealers</i>] of NI 31-103.</li> </ul>	\$1,800
E3	An application for relief from any of the following: <ul style="list-style-type: none"> <li>(a) section 3.3 [<i>Time limits on examination requirements</i>] of NI 31-103;</li> <li>(b) section 3.5 [<i>Mutual fund dealer – dealing representative</i>] of NI 31-103;</li> <li>(c) section 3.6 [<i>Mutual fund dealer – chief compliance officer</i>] of NI 31-103;</li> <li>(d) section 3.7 [<i>Scholarship plan dealer – dealing representative</i>] of NI 31-103;</li> <li>(e) section 3.8 [<i>Scholarship plan dealer – chief compliance officer</i>] of NI 31-103;</li> <li>(f) section 3.9 [<i>Exempt market dealer – dealing representative</i>] of NI 31-103,</li> <li>(g) section 3.10 [<i>Exempt market dealer – chief compliance officer</i>] of NI 31-103.</li> </ul>	\$500
E4	An application under subparagraph 1(10)(a)(ii) of the Act	\$1,000

Row	Document or Activity (Column A)	Fee (Column B)
E5	<p>An application</p> <p>(a) under section 30 or subsection 38(3) of the Act or subsection 1(6) of the <i>Business Corporations Act</i>; and</p> <p>(b) under section 144 of the Act for an order to partially revoke a cease-trade order to permit trades solely for the purpose of establishing a tax loss, as contemplated under section 3.2 of National Policy 12-202 <i>Revocation of a Compliance-related Cease Trade Order</i>.</p>	Nil
E6	An application other than a pre-filing, where the discretionary relief or regulatory approval is evidenced by the issuance of a receipt for the applicants' final prospectus (such as certain applications under NI 41-101 or NI 81-101).	\$4,800
E7	An application for approval under subsection 213(3) of the <i>Loan and Trust Corporations Act</i>	\$1,500
E8	<p>An application</p> <p>(a) made under subsection 46(4) of the <i>Business Corporations Act</i> for relief from the requirements under Part V of that Act</p> <p>(b) for consent to continue in another jurisdiction under paragraph 4(b) of Ont. Reg. 289/00 made under the <i>Business Corporations Act</i></p> <p><i>Note: These fees are in addition to the fee payable to the Minister of Finance as set out in the Schedule attached to the Minister's Fee Orders relating to applications for exemption orders made under the Business Corporations Act to the Commission.</i></p>	\$400
	<p><b>F. Market Regulation Recognitions and Exemptions</b></p> <p>F1 An application for recognition of an exchange under section 21 of the Act</p> <p>F2 An application for exemption from the requirement to be recognized as an exchange under section 21 of the Act</p> <p>F3 An application by a marketplace that trades OTC derivatives, including swap execution facilities, for exemption from the requirement to be recognized under section 21 of the Act</p> <p>F4 An application by clearing agencies for recognition under section 21.2 of the Act</p>	<p>\$110,000</p> <p>\$83,000</p> <p>\$20,000</p> <p>\$110,000</p>

Row	Document or Activity (Column A)	Fee (Column B)
F5	An application for exemption from the requirement to be recognized as a clearing agency under section 21.2 of the <i>Act</i>	\$83,000  (plus an additional fee of \$100,000 in connection with an application described in any of Rows F1 to F5 that (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).
G1	<b>G. Initial Filing for ATS</b>  Review of the initial Form 21-101F2 of a new alternative trading system	\$55,000
H1	<b>H. Trade Repository</b>  Application for designation as a trade repository under section 21.2.2 of the <i>Act</i>	\$83,000
I1	<b>I. Pre-Filings</b>  Each pre-filing relating to the items described in Rows F1 to F5, G1 and H1 of Appendix C	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.
I2	Any other pre-filing  <i>Note: The fee for a pre-filing under this section will be credited against the applicable fee payable if and when the corresponding formal filing (e.g., an application or a preliminary prospectus) is actually proceeded with; otherwise, the fee is nonrefundable.</i>	The applicable fee that would be payable if the corresponding formal filing had proceeded at the same time as the pre-filing.

Row	Document or Activity (Column A)	Fee (Column B)
<b>J. Take-Over Bid and Issuer Bid Documents</b>		
J1	Filing of a take-over bid or issuer bid circular under subsection 94.2(2),(3) or (4) of the <i>Act</i> , the filing of an information circular by a person or company in connection with a solicitation that is not made by or on behalf of management, or the filing of an information circular in connection with a special meeting to be held to consider the approval of a going private transaction, reorganization, amalgamation, merger, arrangement, consolidation or similar business combination (other than a second step business combination in compliance with MI 61-101).	\$4,500 (plus \$2,000 if neither the offeror nor an issuer of which the offeror is a wholly-owned subsidiary is subject to, or reasonably expected to become subject to, a participation fee under this Rule)
J2	Filing of a notice of change or variation under section 94.5 of the <i>Act</i>	Nil
<b>K. Registration-Related Activity</b>		
K1	New registration of a firm in one or more categories of registration	\$1,300
K2	Addition of one or more categories of registration	\$700
K3	Registration of a new representative as a dealer and/or adviser on behalf of a registrant firm	\$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.
K4	Review of permitted individual	\$100 per individual
K5	Change in status from not being a representative on behalf of a registrant firm to being a representative on behalf of the registrant firm	\$200 per individual
K6	Registration as a chief compliance officer or ultimate designated person of a registrant firm, if the individual is not registered as a representative on behalf of the registrant firm	\$200 per individual
K7	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

## Request for Comments

Row	Document or Activity (Column A)	Fee (Column B)
K8	Application for amending terms and conditions of registration	\$800
L1	<p><b>L. Registrant Acquisitions</b></p> <p>Notice required under section 11.9 [<i>Registrant acquiring a registered firm's securities or assets</i>] or 11.10 [<i>Registered firm whose securities are acquired</i>] of NI 31-103</p>	\$3,600
M1	<p><b>M. Certified Statements</b></p> <p>Request for certified statement from the Commission or the Director under section 139 of the Act</p>	\$100
N1	<p><b>N. Designated Rating Organizations</b></p> <p>An application for designation of a credit rating organization under section 22 of the Act</p> <p>An application for a variation of a designation of a credit rating organization under subsection 144(1) of the Act if the application</p> <p>(a) reflects a merger of a credit rating organization,</p> <p>(b) reflects an acquisition of a major part of the assets of a credit rating organization,</p> <p>(c) involves the introduction of a new business that would significantly change the risk profile of a credit rating organization, or</p> <p>(d) reflects a major reorganization or restructuring of a credit rating organization</p>	<p>\$15,000</p> <p>\$15,000</p>
N3	Any other application for a variation of a designation of a credit rating organization under subsection 144(1) of the Act	\$4,800
O1	<p><b>O. Any Application not otherwise Listed in this Rule</b></p> <p>An application for</p> <p>(a) relief from one section of the Act, a regulation or a rule, or</p> <p>(b) recognition or designation under one section of the Act, a regulation or a</p>	\$4,800
O2	<p>An application for</p> <p>(a) relief from two or more sections of the Act, a regulation or a rule made at the same time, or</p> <p>(b) recognition or designation under two or more sections of the Act, a regulation or a rule made at the same time.</p>	\$7,000

Request for Comments

Row	Document or Activity (Column A)	Fee (Column B)
O3	<p>An application made under O1 or O2 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 13-503 (<i>Commodity Futures Act</i>) Fees:</p> <ul style="list-style-type: none"> <li>(i) the applicant;</li> <li>(ii) an issuer of which the applicant is a wholly owned subsidiary;</li> <li>(iii) the investment fund manager of the applicant);</li> </ul>	The amount in O1 or O2 is increased by \$2,000
O4	<p>An application under subsection 144(1) of the <i>Act</i> if the application</p> <ul style="list-style-type: none"> <li>(a) reflects a merger of an exchange or clearing agency,</li> <li>(b) reflects an acquisition of a major part of the assets of an exchange or clearing agency,</li> <li>(c) involves the introduction of a new business that would significantly change the risk profile of an exchange or clearing agency, or</li> <li>(d) reflects a major reorganization or restructuring of an exchange or clearing agency.</li> </ul>	The amount in O1 or O2 is increased by \$100,000
	<b>P. Requests to the Commission</b>	
P1	Request for a copy (in any format) of Commission public records	\$0.50 per image
P2	Request for a search of Commission public records	\$7.50 for each 15 minutes search time spent by any person
P3	Request for one's own individual registration form.	\$30

## APPENDIX D – 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 documents:</p> <ul style="list-style-type: none"> <li>(a) Annual financial statements and interim financial information;</li> <li>(b) Annual information form filed under NI 51-102 or NI 81-106 <i>Investment Fund Continuous Disclosure</i>;</li> <li>(c) Notice under section 11.9 [<i>Registrant acquiring a registered firm's securities or assets</i>] of NI 31-103,</li> <li>(d) Filings for the purpose of amending Form 3 or Form 4 under the Regulation or Form 33-109F4 or Form 33-109F6 under NI 33-109 <i>Registration Information</i>, including the filing of Form 33-109F1;</li> <li>(e) 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 Act with respect to <ul style="list-style-type: none"> <li>(i) terms and conditions imposed on a registrant firm or individual, or</li> <li>(ii) an order of the Commission;</li> </ul> </li> <li>(f) Form 13-502F1;</li> <li>(g) Form 13-502F2;</li> <li>(h) Form 13-502F3A;</li> <li>(i) Form 13-502F4;</li> <li>(j) Form 13-502F5;</li> <li>(k) Form 13-502F6;</li> <li>(l) Form 13-502F7;</li> <li>(m) Form 13-502F8</li> </ul>	<p>For each form or document required to be filed or delivered, \$100 for every business 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"> <li>(a) if the person or company is subject to a participation fee under Part 3 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,</li> <li>(b) in the case of a reporting issuer, \$5,000 per fiscal year for all forms or documents required to be filed or delivered by the reporting issuer in its fiscal year, or</li> <li>(c) 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.</li> </ul>

<b>Document (Column A)</b>	<b>Late Fee (Column B)</b>
B. Fee for late filing Forms 45-501F1 and 45-106F1	\$100 for every business day following the date the form was required to be filed by a person or company until the date the form is filed, to a maximum of \$5,000 for all forms required to be filed by the person or company in the calendar year.
C. Fee for late filing of Form 55-102F2 – <i>Insider Report</i>	<p>\$50 per calendar day per insider per issuer (subject to a maximum of \$1,000 per issuer within any one year beginning on April 1<sup>st</sup> and ending on March 31<sup>st</sup>).</p> <p>The late fee does not apply to an insider if</p> <ul style="list-style-type: none"><li>(a) the head office of the issuer is located outside Ontario, and</li><li>(b) the insider is required to pay a late fee for the filing in a jurisdiction in Canada other than Ontario.</li></ul>

FORM 13-502F1

CLASS 1 AND CLASS 3B REPORTING ISSUERS – PARTICIPATION FEE

MANAGEMENT CERTIFICATION

I, \_\_\_\_\_, an officer of the reporting issuer noted below have examined this Form 13-502F1 (the Form) being submitted hereunder to the Ontario Securities Commission and certify that to my knowledge, having exercised reasonable diligence, the information provided in the Form is complete and accurate.

(s) \_\_\_\_\_  
Name: \_\_\_\_\_ Date: \_\_\_\_\_  
Title: \_\_\_\_\_

Reporting Issuer Name: \_\_\_\_\_

End date of previous financial year: \_\_\_\_\_

Type of Reporting Issuer:  Class 1 reporting issuer  Class 3B reporting issuer

Highest Trading Marketplace: \_\_\_\_\_  
(refer to the definition of "highest trading marketplace" under OSC Rule 13-502 Fees)

Market value of listed or quoted equity securities: \_\_\_\_\_  
(in Canadian Dollars - refer to section 7.1 of OSC Rule 13-502 Fees)

Equity Symbol

\_\_\_\_\_

1<sup>st</sup> Specified Trading Period (dd/mm/yy) \_\_\_\_\_ to \_\_\_\_\_  
(refer to the definition of "specified trading period" under OSC Rule 13-502 Fees)

Closing price of the security in the class or series on the last trading day of the specified trading period in which such security was listed or quoted on the highest trading marketplace \$ \_\_\_\_\_ (i)

Number of securities in the class or series of such security outstanding at the end of the last trading day of the specified trading period \_\_\_\_\_ (ii)

Market value of class or series (i) x (ii) \$ \_\_\_\_\_ (A)

2<sup>nd</sup> Specified Trading Period (dd/mm/yy) \_\_\_\_\_ to \_\_\_\_\_  
(refer to the definition of "specified trading period" under OSC Rule 13-502 Fees)

Closing price of the security in the class or series on the last trading day of the specified trading period in which such security was listed or quoted on the highest trading marketplace \$ \_\_\_\_\_ (iii)

Number of securities in the class or series of such security outstanding at the end of the last trading day of the specified trading period \_\_\_\_\_ (iv)

Market value of class or series (iii) x (iv) \$ \_\_\_\_\_ (B)

**Request for Comments**

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**3<sup>rd</sup> Specified Trading Period** (dd/mm/yy)

(refer to the definition of "specified trading period" under OSC Rule 13-502 Fees)

\_\_\_\_\_ to \_\_\_\_\_

Closing price of the security in the class or series on the last trading day of the specified trading period in which such security was listed or quoted on the highest trading marketplace

\$ \_\_\_\_\_ (v)

Number of securities in the class or series of such security outstanding at the end of the last trading day of the specified trading period

\_\_\_\_\_ (vi)

Market value of class or series

(v) x (vi) \$ \_\_\_\_\_ (C)

**4<sup>th</sup> Specified Trading Period** (dd/mm/yy)

(refer to the definition of "specified trading period" under OSC Rule 13-502 Fees)

\_\_\_\_\_ to \_\_\_\_\_

Closing price of the security in the class or series on the last trading day of the specified trading period in which such security was listed or quoted on the highest trading marketplace

\_\_\_\_\_ (vii)

Number of securities in the class or series of such security outstanding at the end of the last trading day of the specified trading period

\_\_\_\_\_ (viii)

Market value of class or series

(vii) x (viii) \$ \_\_\_\_\_ (D)

**5<sup>th</sup> Specified Trading Period** (dd/mm/yy)

(if applicable - refer to the definition of "specified trading period" under OSC Rule 13-502 Fees)

\_\_\_\_\_ to \_\_\_\_\_

Closing price of the security in the class or series on the last trading day of the specified trading period in which such security was listed or quoted on the highest trading marketplace

\$ \_\_\_\_\_ (ix)

Number of securities in the class or series of such security outstanding at the end of the last trading day of the specified trading period

\_\_\_\_\_ (x)

Market value of class or series

(ix) x (x) \$ \_\_\_\_\_ (E)

**Average Market Value of Class or Series**

(Calculate the simple average of the market value of the class or series of security for each applicable specified trading period (i.e. A through E above))

\$ \_\_\_\_\_ (1)

(Repeat the above calculation for each other class or series of equity securities of the reporting issuer (and a subsidiary pursuant to paragraph 2.8(1)(c) of OSC Rule 13-502 Fees, if applicable) that was listed or quoted on a marketplace at the end of the previous financial year)

**Fair value of outstanding debt securities:**

(See paragraph 2.8(1)(b), and if applicable, paragraph 2.8(1)(c) of OSC Rule 13-502 Fees)

\$ \_\_\_\_\_ (2)

(Provide details of how value was determined)

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**Capitalization for the previous financial year** (1) + (2) \$ \_\_\_\_\_

**Participation Fee** \$ \_\_\_\_\_

(For Class 1 reporting issuers, from Appendix A of OSC Rule 13-502 *Fees*, select the participation fee)

(For Class 3B reporting issuers, from Appendix A.1 of OSC Rule 13-502 *Fees*, select the participation fee)

**Late Fee**, if applicable  
(As determined under section 2.7 of OSC Rule 13-502 *Fees*)  
\$ \_\_\_\_\_

**Total Fee Payable**  
(Participation Fee plus Late Fee) \$ \_\_\_\_\_

FORM 13-502F2  
CLASS 2 REPORTING ISSUERS – PARTICIPATION FEE

MANAGEMENT CERTIFICATION

I, \_\_\_\_\_, an officer of the reporting issuer noted below have examined this Form 13-502F2 (the **Form**) being submitted hereunder to the Ontario Securities Commission and certify that to my knowledge, having exercised reasonable diligence, the information provided in the Form is complete and accurate.

(s) \_\_\_\_\_  
Name: \_\_\_\_\_ Date: \_\_\_\_\_  
Title: \_\_\_\_\_

Reporting Issuer Name: \_\_\_\_\_

End date of previous financial year: \_\_\_\_\_

Financial Statement Values:

(Use stated values from the audited financial statements of the reporting issuer as of the end of its previous financial year)

Retained earnings or deficit	\$ _____ (A)
Contributed surplus	\$ _____ (B)
Share capital or owners' equity, options, warrants and preferred shares (whether such shares are classified as debt or equity for financial reporting purposes)	\$ _____ (C)
Non-current borrowings (including the current portion)	\$ _____ (D)
Finance leases (including the current portion)	\$ _____ (E)
Non-controlling interest	\$ _____ (F)
Items classified on the statement of financial position as non-current liabilities (and not otherwise listed above)	\$ _____ (G)
Any other item forming part of equity and not set out specifically above	\$ _____ (H)

**Capitalization for the previous financial year**  
(Add items (A) through (H)) \$ \_\_\_\_\_

**Participation Fee**  
(From Appendix A of OSC Rule 13-502 Fees, select the participation fee beside the capitalization calculated above) \$ \_\_\_\_\_

**Late Fee**, if applicable  
(As determined under section 2.7 of OSC Rule 13-502 Fees) \$ \_\_\_\_\_

**Total Fee Payable**  
(Participation Fee plus Late Fee) \$ \_\_\_\_\_

**FORM 13-502F2A  
ADJUSTMENT OF FEE PAYMENT FOR CLASS 2 REPORTING ISSUERS**

**MANAGEMENT CERTIFICATION**

I, \_\_\_\_\_, an officer of the reporting issuer noted below have examined this Form 13-502F2A (the **Form**) being submitted hereunder to the Ontario Securities Commission and certify that to my knowledge, having exercised reasonable diligence, the information provided in the Form is complete and accurate.

(s) \_\_\_\_\_  
Name: \_\_\_\_\_ Date: \_\_\_\_\_  
Title: \_\_\_\_\_

**Reporting Issuer Name:** \_\_\_\_\_

**Financial year end date used to calculate capitalization:** \_\_\_\_\_

State the amount of participation fee paid under subsection 2.2(1) of OSC Rule 13-502 Fees: \$ \_\_\_\_\_ (i)

Show calculation of actual capitalization based on audited financial statements:

Financial Statement Values:

Retained earnings or deficit	\$ _____ (A)
Contributed surplus	\$ _____ (B)
Share capital or owners' equity, options, warrants and preferred shares (whether such shares are classified as debt or equity for financial reporting purposes)	\$ _____ (C)
Non-current borrowings (including the current portion)	\$ _____ (D)
Finance leases (including the current portion)	\$ _____ (E)
Non-controlling interest	\$ _____ (F)
Items classified on the statement of financial position as non-current liabilities (and not otherwise listed above)	\$ _____ (G)
Any other item forming part of equity and not set out specifically above	\$ _____ (H)

**Capitalization**  
(Add items (A) through (H)) \$ \_\_\_\_\_

**Participation Fee**  
(From Appendix A of OSC Rule 13-502 Fees, select the participation fee beside the capitalization calculated above) \$ \_\_\_\_\_ (ii)

**Refund due (Balance owing)**  
(Indicate the difference between (i) and (ii) and enter nil if no difference)  
(i) - (ii) = \$ \_\_\_\_\_

**FORM 13-502F3A  
CLASS 3A REPORTING ISSUERS – PARTICIPATION FEE**

**MANAGEMENT CERTIFICATION**

I, \_\_\_\_\_, an officer of the reporting issuer noted below have examined this Form 13-502F3A (the **Form**) being submitted hereunder to the Ontario Securities Commission and certify that to my knowledge, having exercised reasonable diligence, the information provided in the Form is complete and accurate.

(s) \_\_\_\_\_  
Name: \_\_\_\_\_ Date: \_\_\_\_\_  
Title: \_\_\_\_\_

**Reporting Issuer Name:** \_\_\_\_\_  
(Class 3A reporting issuer cannot be incorporated or organized under the laws of Canada or a province or territory of Canada)

**Financial year end date:** \_\_\_\_\_

Indicate, by checking the appropriate box, which of the following criteria the issuer meets:

- (a) had no securities listed or quoted on any marketplace at the end of its previous financial year, or
- (b) had securities listed or quoted on a marketplace at the end of its previous financial year and all of the following apply:
  - (i) at the end of its previous financial year, securities registered in the names of persons or companies resident in Ontario represented less than 1% of the market value of all of the reporting issuer's outstanding securities for which it or its transfer agent or registrar maintains a list of registered owners;
  - (ii) the reporting issuer reasonably believes that, at the end of its previous financial year, securities beneficially owned by persons or companies resident in Ontario represented less than 1% of the market value of all its outstanding securities;
  - (iii) the reporting issuer reasonably believes that none of its securities traded on a marketplace in Canada during its previous financial year;
  - (iv) the reporting issuer has not issued any of its securities in Ontario in the last 5 years, other than
    - (A) to its employees or to employees of one or more of its subsidiaries, or
    - (B) to a person or company exercising a right previously granted by the reporting issuer or its affiliate to convert or exchange its previously issued securities without payment of any additional consideration;

**Participation Fee**  
(From subsection 2.2(2) of OSC Rule 13-502 Fees) \$1,070

**Late Fee**, if applicable  
(As determined under section 2.7 of OSC Rule 13-502 Fees) \$ \_\_\_\_\_

**Total Fee Payable**  
(Participation Fee plus Late Fee) \$ \_\_\_\_\_

**FORM 13-502F4**  
**CAPITAL MARKETS PARTICIPATION FEE CALCULATION**

**General Instructions**

1. This form must be completed and returned to the Ontario Securities Commission by December 1 each year, as required by section 3.1 or 3.2 of OSC Rule 13-502 *Fees* (the Rule), except in the case where firms register after December 1 in a calendar year or provide notification after December 1 in a calendar year of their status as an unregistered capital markets participant. In these exceptional cases, this form must be filed within 60 days of registration or notification after December 1.
2. This form is to be completed by firms registered under the *Securities Act* or by firms that are registered under both the *Securities Act* and the *Commodity Futures Act*. This form is also completed by unregistered capital markets participants.
3. For firms registered under the *Commodity Futures Act*, 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*.
4. IIROC members must complete Part I of this form and MFDA members must complete Part II. Unregistered capital markets participants and registrant firms that are not IIROC or MFDA members must complete Part III.
5. IIROC Members may refer to Statement E of the Joint Regulatory Financial Questionnaire and Report for guidance.
6. MFDA members may refer to Statement D of the MFDA Financial Questionnaire and Report for guidance.
7. 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 capital markets activities in Ontario.
8. All figures must be expressed in Canadian dollars. All figures other than the participation fee must be rounded to the nearest thousand.
9. Information reported on this form must be certified by the chief compliance officer or equivalent to attest to its completeness and accuracy.



**5. Participation Fee Calculation**

Previous 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 capital markets 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 B of the Rule, select the participation fee opposite the specified Ontario revenues calculated above) \$ \_\_\_\_\_

**Part II — MFDA Members**

- 1. Total revenue for previous financial year from Statement D of the MFDA Financial Questionnaire and Report \$ \_\_\_\_\_
- 2. Less revenue not attributable to capital markets 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 B of the Rule, select the participation fee opposite the specified Ontario revenues calculated above) \$ \_\_\_\_\_

**Part III – Advisers, Other Dealers, and Unregistered Capital Markets Participants Notes:**

- 1. Total revenues is defined as the sum of all revenues reported on the audited financial statements, except where unaudited financial statements are permitted in accordance with subsection 3.6(3) of the Rule. Audited financial statements should be prepared in accordance with NI 52-107. Items reported on a net basis must be adjusted for purposes of the fee calculation to reflect gross revenues.
- 2. Redemption fees earned upon the redemption of investment fund units sold on a deferred sales charge basis are permitted as a deduction from total revenue on this line.
- 3. Administration fees permitted as a deduction are limited solely to those that are otherwise included in total revenues and represent the reasonable recovery of costs from the investment funds for operating expenses paid on their behalf by the registrant firm or unregistered capital markets participant.
- 4. Where the advisory services of a registrant firm, within the meaning of this Rule or OSC Rule 13-503 (*Commodity Futures Act) Fees*, or of an exempt international firm, 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 gross revenues.

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5. Trailer fees paid to registrant firms described in note 4 are permitted as a deduction on this line to the extent they are otherwise included in gross revenues.

1. Total revenue for previous financial year (note 1) \$ \_\_\_\_\_

**Less the following items:**

2. Revenue not attributable to capital markets activities \$ \_\_\_\_\_

3. Redemption fee revenue (note 2) \$ \_\_\_\_\_

4. Administration fee revenue (note 3) \$ \_\_\_\_\_

5. Advisory or sub-advisory fees paid to registrant firms or exempt international firms (note 4) \$ \_\_\_\_\_

6. Trailer fees paid to registrant firms (note 5) \$ \_\_\_\_\_

7. Total deductions (sum of lines 2 to 6) \$ \_\_\_\_\_

8. Revenue subject to participation fee (line 1 less line 7) \$ \_\_\_\_\_

9. Ontario percentage for previous financial year  
(See definition of "Ontario percentage" in the Rule) \_\_\_\_\_ %

10. Specified Ontario revenues (line 8 multiplied by line 9) \$ \_\_\_\_\_

11. Participation fee  
(From Appendix B of the Rule, select the participation fee beside the specified Ontario revenues calculated above) \$ \_\_\_\_\_

FORM 13-502F5

ADJUSTMENT OF FEE FOR REGISTRANT FIRMS AND UNREGISTERED  
CAPITAL MARKETS PARTICIPANTS

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

End date of previous financial year:

**Note:** Paragraph 3.2(2)(c) 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 section 3.2 of the Rule: \$ \_\_\_\_\_
2. Actual participation fee calculated under paragraph 3.2(2)(b) of the Rule: \$ \_\_\_\_\_
3. Refund due (Balance owing): \$ \_\_\_\_\_  
(Indicate the difference between lines 1 and 2)

## FORM 13-502F6

## SUBSIDIARY EXEMPTION NOTICE

## MANAGEMENT CERTIFICATION

I, \_\_\_\_\_, an officer of the subsidiary noted below have examined this Form 13-502F6 (the **Form**) being submitted hereunder to the Ontario Securities Commission and certify that to my knowledge, having exercised reasonable diligence, the information provided in the Form is complete and accurate.

(s) \_\_\_\_\_  
 Name: \_\_\_\_\_ Date: \_\_\_\_\_  
 Title: \_\_\_\_\_

Name of Subsidiary: \_\_\_\_\_

Name of Parent: \_\_\_\_\_

End Date of Subsidiary's Previous Financial year: \_\_\_\_\_

The reporting issuer (subsidiary) meets the following criteria set out under subsection 2.4(1) of OSC Rule 13-502 Fees:

- (a) at the end of the subsidiary's previous financial year, the parent of the subsidiary was a reporting issuer;
- (b) the audited financial statements of the parent prepared in accordance with NI 52-107 require the consolidation of the parent and the subsidiary;
- (c) the parent has paid a participation fee under subsection 2.2(1) calculated based on the capitalization of the parent for its previous financial year;
- (d) in the case of a parent that is a Class 1 reporting issuer, the capitalization of the parent for its previous financial year included the capitalization of the subsidiary as required under paragraph 2.8(1)(c);
- (e) in its previous financial year,
  - (i) the net assets and total revenues of the subsidiary represented more than 90% of the consolidated net assets and total revenues of the parent in the parent's previous financial year, or
  - (ii) the subsidiary was entitled to rely on an exemption or waiver from the requirements in subsections 4.1(1), 4.3(1), 5.1(1) or section 5.2, and section 6.1 of NI 51-102.

If paragraph e(i) above applies, complete the following table:

	Net Assets for previous financial year	Total Revenues for previous financial year	
Reporting Issuer (Subsidiary)	\$ _____	\$ _____	(A)
Reporting Issuer (Parent)	\$ _____	\$ _____	(B)
Percentage (A/B)	_____ %	_____ %	

## FORM 13-502F7

## SPECIFIED REGULATED ENTITIES – PARTICIPATION FEE

Name of Specified Regulated Entity: \_\_\_\_\_

Applicable calendar year: \_\_\_\_\_ (2014 or later)

Type of Specified Regulated Entity: (check one)

- Recognized exchange or recognized quotation and trade reporting system (complete (1) below)
- Alternative trading system (complete (2) or (3) below, as applicable)
- Recognized clearing agency (complete (4) below)
- Exempt exchange, Exempt clearing agency or Designated Trade Repository (complete (5) below, as applicable)

**(1) Participation Fee for applicable calendar year -- Recognized exchange or recognized quotation and trade reporting system**

Filer should enter their Canadian trading share for the specified period below:

Canadian Trading Share Description	% (To be Entered by Filer)
Line 1: the share in the specified period of the total dollar values of trades of exchange-traded securities;	
Line 2: the share in the specified period of the total trading volume of exchange-traded securities;	
Line 3: the share in the specified period of the total number of trades of exchange-traded securities;	
Line 4: Average of Lines 1,2 & 3 above	
<b>Line 5: Filer is required to Pay the Amount from the corresponding column in the table below based on the average calculated on Line 4 above:</b>	\$ _____
Canadian trading share for the specified period of up to 5%	\$30,000
Canadian trading share for the specified period of 5% to up to 15%	\$50,000
Canadian trading share for the specified period of 15% to up to 25%	\$135,000
Canadian trading share for the specified period of 25% to up to 50%	\$275,000
Canadian trading share for the specified period of 50% to up to 75%.	\$400,000
Canadian trading share for the specified period of 75% or more	\$500,000

**(2) Participation Fee for applicable calendar year -- Alternative trading system for exchange-traded securities**

Line 6: If operating an alternative trading system for exchange-traded securities, enter participation fee based on your Canadian trading share (Line 5)	\$ _____
Line 7: Enter amount of capital markets participation fee paid based on Form 13-502F4 on December 31 of the prior year	\$ _____
Line 8: Subtract Line 7 from Line 6. If positive, enter the lesser of this amount and \$17,000. If zero or negative, there is no Part 4 fee payable and there is a refund due to you of the amount determined.	\$ _____

**(3) Participation fee for applicable calendar year – other alternative trading system**

Line 9: If operating as an alternative trading system that is not for exchange-traded securities, enter \$30,000	\$ _____
Line 10: Enter amount of capital markets participation fee based on Form 13-502F4 on December 31 of the prior year	\$ _____
Line 11: Subtract Line 10 from Line 9. If positive, enter  (a) The lesser of this amount and \$8,750 if trading in debt or securities trading (b) The lesser of this amount and \$17,000 if you are a trading system other than that described in Line 6 or (a) above.  If zero or negative, there is no Part 4 participation fee payable and there is a refund due to you.	\$ _____

**(4) Participation Fee for applicable calendar year – Recognized clearing agency**

For services offered in Ontario Market the filer should enter the corresponding amount in the Fees Payable Column:

Services:	Fee Payable
Line 12: Matching services, being the provision of facilities for comparing data respecting the terms of settlement of a trade or transaction. Enter \$10,000	\$ _____

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Services:	Fee Payable
Line 13: Netting services, being the provision of facilities for the calculation of the mutual obligations of participants for the exchange of securities and/or money. Enter \$20,000	\$ _____
Line 14: Settlement services, being services that ensure that securities are transferred finally and irrevocably from one participant to another in exchange for a corresponding transfer of money and/or <i>vice versa</i> . Enter \$20,000.	\$ _____
Line 15: Acting as a central clearing counterparty by providing novation services, if the Commission does not place reliance on another regulator for direct oversight. Enter \$150,000	\$ _____
Line 16: Acting as a central clearing counterparty by providing novation services, if the Commission places reliance on another regulator for direct oversight. Enter \$70,000.	\$ _____
Line 17: Depository services, being the provision of centralized facilities as a depository for securities. Enter \$20,000.	\$ _____
<b>Line 18: Total Participation Fee Payable (Sum of Lines 12-17):</b>	\$ _____

**(5) Participation Fee for applicable calendar year for other types of specified regulated entities:**

<p>Line 19: Filer is required to pay the amount below, as applicable.</p> <p>(a) If operating as an Exempt Exchange of Exempt Clearing Agency, enter \$10,000</p> <p>(b) If operating as a Designated Trade Repository, enter \$75,000 plus an additional \$25,000 if the trade repository's share of the total number of trades of any asset class reported under OSC Rule 91-507 is greater than 50% of global trades in that asset class</p>	\$ _____
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**(6) Prorated Participation Fee:**

Line 20: If this is the first time paying a participation fee as a specified regulated entity, prorate the amount under subsection 4.6(1) of the Rule.	\$ _____
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(7) **Late Fee**

Line 21: Unpaid portion of Participation Fee from Sections (1), (2), (3), (4), (5), (6)	\$ _____
Line 22: Number of Business Days Late	\$ _____
<b>Line 23: Fee Payable is as follows: Amount from Line 21*[Amount from Line 22*0.1%]</b>	<b>\$ _____</b>

(8) **Total Fee Payable**

Line 24: Aggregate Participant Fee from Sections (1), (2), (3), (4), (5), (6)	\$ _____
Line 25: Late Fee from Line 23	\$ _____
<b>Line 26: Fee Payable is amount from Line 24 plus amount from Line 25</b>	<b>\$ _____</b>

FORM 13-502F8

DESIGNATED CREDIT RATING ORGANIZATIONS – PARTICIPATION FEE

**Name of Designated Credit Rating Organization:** \_\_\_\_\_

**Financial year end date:** \_\_\_\_\_

**Participation Fee** in respect of the financial year  
(From subsection 5.1(1) of the Rule) \$15,000

**Late Fee**, if applicable  
(From Section 5.2 of the Rule) \$ \_\_\_\_\_

**Total Fee Payable**  
(Participation Fee plus Late Fee) \$ \_\_\_\_\_

ONTARIO SECURITIES COMMISSION

COMPANION POLICY 13-502CP FEES

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**ONTARIO SECURITIES COMMISSION**

**COMPANION POLICY 13-502CP 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 13-502 *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 purpose of the Rule is to establish a fee regime that creates 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) Reporting issuers, registrant firms and unregistered capital markets participants, as well as specified regulated entities and designated rating organizations, 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 Parts 2 and 3 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 reporting issuer, the participation fee is based on the issuer’s capitalization, which is used to approximate its proportionate participation in the Ontario capital markets. In the case of a registrant firm or unregistered capital markets participant, the participation fee is based on the firm’s revenues attributable to its capital markets activities in Ontario.
- (3) Participation fees under Part 4 of the Rule are generally fixed annual amounts payable each calendar year. In the case of specified regulated entities to which Part 4 of the Rule applies, participation fees are generally specified for a particular organization or type of organization in Appendix B.1. The level of participation fees for recognized clearing agencies is determined by reference to the services they provide.
- (4) Participation fees for designated rating organizations under Part 5 of the Rule are \$15,000 per financial year.
- (5) A person or company may be subject to participation fees under more than one part of the Rule. There is no cap on multiple participation fees except as described in subsection 2.7(2).

- 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 representative of the firm.

**2.5 Activity fees**

- (1) 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 C of the Rule are considered in determining these fees (e.g., reviewing prospectuses, 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) Under certain circumstances, Staff may consider reducing activity fees for applications made by or on behalf of two or more reporting issuers or registrants that are affiliates of each other, and who are applying for the same exemptive relief. In such circumstances, the activity fees will be reduced such that the activity fees paid on an application will be the same as if one reporting issuer or registrant filed the application.

## 2.6 Registrants under the *Securities Act* and the *Commodity Futures Act*

- (1) The Rule imposes an obligation to pay a participation fee on registrant firms, defined in the Rule as a person or company registered under the Act as a dealer, adviser or investment fund manager. An entity so registered may also be registered as a dealer or adviser under the *Commodity Futures Act*. Given the definition of “capital markets activities” under the Rule, the revenue of such an entity from its *Commodity Futures Act* activities must be included in its calculation of revenues when determining its fee under the Rule. Section 2.1 of OSC Rule 13-503 (*Commodity Futures Act*) Fees exempts such an entity from paying a participation fee under that rule if it has paid its participation fees under the *Securities Act* Rule.
- (2) Note that dealers and advisers registered under the *Commodity Futures Act* are subject to activity fees under OSC Rule 13-503 (*Commodity Futures Act*) Fees even if they are not required to pay participation fees under that rule.

## 2.7 Refunds

- (1) The Rule provides the specific circumstances where the Commission is required to refund fees in subsections 2.5(3) and 3.2(3) of the Rule. These subsections allow for a refund where a reporting issuer, registrant firm or unregistered capital markets participant overpaid an estimated participation fee provided the request is made within the time the related form was required to be filed.
- (2) A further refund mechanism is provided under subsection 4.3(4). This subsection deals with a refund mechanism used to effect a cap of Part 3 and Part 4 participation fees for alternative trading systems, in an attempt to align the participation fees to those charged to other specified regulated entities.
- (3) 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 subsections (1) and (2) 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 reporting issuer, registrant firm or unregistered capital markets participant that loses that status later in the financial year in respect of which the fee was paid.
- (4) 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. Similarly, registrant firms or unregistered capital markets participants that operate under a cost recovery model in which there are no recorded revenues on their financial statements would be expected to report a reasonable proxy of the firm’s capital markets activities in Ontario, subject to the conditions of any exemptive relief granted under section 8.1 of the Rule. In all cases, the Commission expects registrant firms and unregistered capital markets participants to pay participation fees based on all revenues attributable to capital markets activities in Ontario, irrespective of how these revenues are recorded or structured.

## PART 3 – CORPORATE FINANCE PARTICIPATION FEES

- 3.1 Application to investment funds** – Part 2 of the Rule does not apply to an investment fund if the investment fund has an investment fund manager. The reason for this is that under Part 3 of the Rule an investment fund’s manager must pay a capital markets participation fee in respect of revenues generated from managing the investment fund.
- 3.2 Late fees** – Section 2.7 of the Rule requires a reporting issuer to pay an additional fee when it is late in paying its participation fee. Reporting issuers should be aware that the late payment of participation fees may lead to the reporting issuer being noted in default and included on the list of defaulting reporting issuers available on the Commission’s website.
- 3.3 Exemption for subsidiary entities** – Under section 2.4 of the Rule, an exemption from participation fees is available to a reporting issuer that is a subsidiary entity if, among other requirements, the parent of the subsidiary entity has paid a participation fee applicable to the parent under section 2.2(1) of the Rule determined with reference to the parent’s capitalization for the parent’s financial year. For greater certainty, this condition to the exemption is not satisfied in

circumstances where the parent of a subsidiary entity has paid a participation fee in reliance on subsection 2.2(2) or (3) of the Rule.

### 3.4 Determination of market value

- (1) Paragraph 2.8(1)(a) of the Rule requires the calculation of the capitalization of a reporting issuer to include the total market value of all of its equity securities listed or quoted on a marketplace. This includes, but is not limited to, any listed shares, warrants, subscription receipts and rights.
- (2) Paragraph 2.8(1)(b) of the Rule requires the calculation of the capitalization of a reporting issuer to include the total fair value of its debt securities that are listed or quoted on a marketplace, trade over the counter or otherwise generally available for sale without regard to a statutory hold period. This paragraph is intended to include all capital market debt issued by the reporting issuer, whether distributed under a prospectus or prospectus exemption, and includes, but is not limited to, bonds, debentures (including the equity portion of convertible debentures), commercial paper, notes and any debt securities to which a credit rating is attached, but is not intended to include bank debt (such as term loans and revolving credit facilities) and mortgages.
- (3) If the closing price of a security on a particular date is not ascertainable because there is no trade on that date or the marketplace does not generally provide closing prices, a reasonable alternative, such as the most recent closing price before that date, the average of the high and low trading prices for that date, or the average of the bid and ask prices on that date is acceptable.

**3.5 Owners' equity and non-current borrowings** – A Class 2 reporting issuer calculates its capitalization on the basis of certain items reflected in its audited statement of financial position. Two such items are “share capital or owners' equity” and “non-current borrowings, including the current portion”. The Commission notes that “owners' equity” is designed to describe the equivalent of share capital for non-corporate issuers, such as partnerships or trusts. “Non-current borrowings” is designed to describe the equivalent of long term debt or any other borrowing of funds beyond a period of twelve months.

**3.6 Identification of non-current liabilities** – If a Class 2 reporting issuer does not present current and non-current liabilities as separate classifications on its statement of financial position, the reporting issuer will still need to classify these liabilities for purposes of its capitalization calculation. In these circumstances non-current liabilities means total liabilities minus current liabilities, using the meanings ascribed to those terms under the accounting standards pursuant to which the entity's financial statements are prepared under Ontario securities law.

## PART 4 – CAPITAL MARKETS PARTICIPATION FEES

**4.1 Liability for capital markets participation fees** – Capital markets participation fees are payable annually by registrant firms and unregistered capital markets participants, as defined in section 1.1 of the Rule.

**4.2 Filing forms under section 3.2 of the Rule** – If the estimated participation fee paid under subsection 3.2(1) of the Rule by a registrant firm or an unregistered capital markets participant does not differ from its true participation fee determined under paragraph 3.2(2)(b) of the Rule, the registrant firm or unregistered capital markets participant is not required to file either a Form 13-502F4 or a Form 13-502F5 under paragraph 3.2(2)(c) of the Rule.

**4.3 Late fees** – Section 3.4 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. The Commission may also consider measures in the case of late payment of fees by an unregistered capital markets participant, such as: in the case of an unregistered investment fund manager, prohibiting the manager from continuing to manage any investment fund or cease trading the investment funds managed by the manager; or, in the case of an unregistered exempt international firm, making an order pursuant to section 127 of the Act, that the corresponding exemptions from registration requirements under which the firm acts do not apply to the firm (either permanently or for such other period as specified in the order).

**4.4 Form of payment of fees** – Registrant firms pay through the National Registration Database. The filings and payments for unregistered capital markets participants should be sent via wire transfer or sent to the Ontario Securities Commission (Attention: Manager, Compliance and Registrant Regulation).

### 4.5 “Capital markets activities”

- (1) A person or company must consider its capital markets activities when calculating its participation fee. The Commission is of the view that these activities include, without limitation, carrying on the business of trading in securities, carrying on the business of an investment fund manager, providing securities-related advice or

portfolio management services. The Commission notes that corporate advisory services may not require registration or an exemption from registration and would therefore, in those contexts, not be capital markets activities.

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

**4.6 Permitted deductions** — Subsection 3.6 of the Rule permits certain deductions to be made for the purpose of calculating specified Ontario revenues for unregistered capital markets participants and registrant firms. The purpose of these deductions is to prevent the “double counting” of revenues that would otherwise occur.

**4.7 Active solicitation** — For the purposes of the definition of unregistered investment fund manager in section 1.1 of the Rule, “active solicitation” refers to intentional actions taken by the investment fund or the investment fund manager to encourage a purchase of the fund’s securities, such as proactive, targeted actions or communications that are initiated by an investment fund manager for the purpose of soliciting an investment. Actions that are undertaken by an investment fund manager at the request of, or in response to, an existing or prospective investor who initiates contact with the investment fund manager would not constitute active solicitation.

**4.8 Confidentiality of forms** — The material filed under Part 3 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 5 – OTHER PARTICIPATION FEES

**5.1 General** — Participation fees are also payable annually by specified regulated entities and designated credit rating organizations under Parts 4 and 5 of the Rule.

**5.2 Specified regulated entities** — The calculation of participation fees under Part 4 of the Rule is generally determined with reference to described classes of entities. The classes, and their level of participation fees, are set out in Appendix B.1 of the Rule.

- (1) To provide more equitable treatment among exchanges and alternative trading systems (ATS) for exchange-traded securities and to take into account Part 3 participation fees payable by an alternative trading system entity for exchange-traded securities, its participation fee is adjusted under section 4.3.

For example, assume that participation fees under Part 3 for an eligible ATS payable on December 31, 2015 is \$74,000 and the ATS’s Canadian trading share is under 5%. In this case, the ATS would pay \$74,000 on December 31 when filing its Form 13-502F4. Before April 30, 2016 when filing form 13-502F7, the fee payable will be shown as \$17,000 (the lesser of (a) \$30,000 from row A1 of Appendix B.1 and (b) \$17,000). In this case, the ATS will be entitled to a refund of \$57,000 (\$74,000 paid on December 31 less \$17,000 required to be paid under Part 4). A mechanism that is similar in principle applies to other ATS entities under subsections 4.2(2) and (3).

An ATS described in subsection 4.3(6) will pay an aggregate participation fee calculated based on the type of securities traded on each of its platforms. For example, an ATS that has a platform for trading equities and another one for trading fixed income securities would pay a participation fee for its equity platform calculated as described above and a participation fee for its fixed income platform as described in Appendix B.1 row C2.

- (2) If a specified regulated entity is recognized during the specified period, it must pay to the Commission, immediately upon recognition, designation etc., a participation fee for the remaining specified period. The participation fee owed to the Commission will be pro-rated based on the number of remaining complete months to March 31 subsequent to it being recognized, designated, etc. For example, if an exchange was recognized on January 15, 2016, it will owe to the Commission a pro-rated participation fee in the amount of \$5,000 for the two complete months remaining until March 31 (calculated as \$30,000 x 2/12). A form 13-502F7 must be filed with the pro-rated payment.

Continuing with the example above, the recognized exchange will also need to calculate the participation fee due before April 30, 2016 and file a second Form 13-502F7 with this payment. For the purpose of calculating its Canadian trading share, the exchange should use the actual Canadian trading share for the months of February and March 2016 and zero for the months before it received recognition (i.e. April 2015 to January 2016).

ONTARIO SECURITIES COMMISSION

RULE 13-503 (COMMODITY FUTURES ACT) FEES

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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;

“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);

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

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

“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** — A form required to be filed under section 2.2 or 2.3 must contain a certification signed by the chief compliance officer of the registrant firm.

### 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 noon exchange rate for that 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 Fees which came into force on [\*], is revoked.
- 6.2 Effective date** — This Rule comes into force on [\*].

## APPENDIX A — PARTICIPATION FEES

<b>Specified Ontario Revenues for the Previous Financial Year</b>	<b>Participation Fee (effective April 1, 2015)</b>
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)
A1	<p><b>A. Application for Specifically enumerated relief, approval and recognition</b></p> <p>Application under:</p> <p>(a) Section 24 or 40 or subsection 36(1) or 46(6) of the CFA, and</p> <p>(b) Subsection 27(1) of the Regulation to the CFA.</p>	Nil
A2	An application for relief from this Rule.	\$1,800
A3	<p>An application for relief from any of the following:</p> <p>(a) OSC Rule 31-509 (<i>Commodity Futures Act</i>) <i>National Registration Database</i>;</p> <p>(b) OSC Rule 33-505 (<i>Commodity Futures Act</i>) <i>Registration Information</i>;</p> <p>(c) Subsection 37(7) of the Regulation to the CFA</p>	\$1,800
B1	<p><b>B. Market Regulation Recognitions and Exemptions</b></p> <p>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>;</p>	\$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
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> .	\$22,000
		<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,</p>

Row	Document or Activity (Column A)	Fee (Column B)
		(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).
C1 C2 C3 C4 C5 C6	<p><b>C. Registration-Related Activity</b></p> <p>New registration of a firm in one or more categories of registration</p> <p>Addition of one or more categories of registration</p> <p>Registration of a new director, officer or partner (trading and/or advising), salesperson or representative</p> <p><i>Notes:</i></p> <p>(i) <i>Registration of a new non-trading or non-advising director, officer or partner does not trigger an activity fee.</i></p> <p>(ii) <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>Change in status from a non-trading or non-advising capacity to a trading or advising capacity</p> <p>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</p> <p>Application for amending terms and conditions of registration</p>	<p>\$1,300</p> <p>\$700</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> <p>\$200 per individual</p> <p>\$1,000</p> <p>\$800</p>
D1	<p><b>D. Director Approval</b></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><b>E. Pre Filings</b></p> <p>Each 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.

**Request for Comments**

Row	Document or Activity (Column A)	Fee (Column B)
F1	<p><b>F. Any Application not otherwise listed in this Rule</b></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
F2	<p>An application for</p> <p>(a) relief from two or more sections of the CFA, a regulation or a rule made at the same time, or</p> <p>(b) recognition or designation under two or more sections of the CFA, a regulation or a rule made at the same time.</p>	\$7,000
F3	<p>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 Fees:</p> <p>(i) the applicant;</p> <p>(ii) an issuer of which the applicant is a wholly owned subsidiary;</p>	The amount in F1 or F2 is increased by \$2,000
F4	<p>An application under subsection 78(1) of the CFA if the application</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,</p> <p>(c) involves the introduction n of a new business that would significantly change the risk profile of an exchange or clearing agency, or</p> <p>(d) reflects a major reorganization or restructuring of an exchange or clearing agency.</p>	The amount in F1 or F2 is increased by \$100,000
	<b>G. Requests to the Commission</b>	
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>Fee for late filing or delivery of any of the following forms or documents:</p> <ul style="list-style-type: none"> <li>(a) Annual financial statements and interim financial information;</li> <li>(b) Report under section 15 of the Regulation to the CFA;</li> <li>(c) Report under section 17 of the Regulation to the CFA;</li> <li>(d) Filings for the purpose of amending Form 5 under the Regulation to the CFA or Form 33-506F4 or Form 33-506F6 under OSC Rule 33-506, including the filing of Form 33-506F1;</li> <li>(e) 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"> <li>(i) terms and conditions imposed on a registrant firm or individual, or</li> <li>(ii) an order of the Commission;</li> </ul> </li> <li>(f) Form 13-503F1;</li> <li>(g) Form 13-503F2.</li> </ul>	<p>For each form or document required to be filed or delivered, \$100 for every business 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"> <li>(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</li> <li>(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.</li> </ul>

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, 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 the chief compliance officer to attest to its completeness and accuracy.

Management Certification

I, \_\_\_\_\_, of the registrant firm noted below have examined this Form 13-503F1 (the **Form**) being submitted hereunder to the Ontario Securities Commission and certify that to my knowledge, having exercised reasonable diligence, the information provided in the Form is complete and accurate.

(s) \_\_\_\_\_ Date: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

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: \_\_\_\_\_



**Request for Comments**

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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) \$ \_\_\_\_\_

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 financial year:

Note: Paragraph 2.3(2) of 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**

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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 Refunds**

- (1) The Rule provides the specific circumstances where the Commission is required to refund fees in subsection 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 of the Rule** — 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 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.