

April 25, 2022

Sent via e-mail

The Secretary  
Ontario Securities Commission  
20 Queen Street West  
22nd Floor, Box 55  
Toronto, ON M5H 3S8

comments@osc.gov.on.ca

Dear Sirs and Mesdames:

**RE: Proposed Amendments to OSC Rule 13-502 Fees, OSC Rule 13-503 (Commodity Futures Act) Fees and Proposed Changes to their Companion Policies**

Brandes Investment Partners & Co., operating as Bridgehouse Asset Managers (**Bridgehouse** or **we**), is pleased to have the opportunity to submit the following comments regarding Proposed Amendments to OSC Rule 13-502 *Fees*, OSC Rule 13-503 (*Commodity Futures Act*) *Fees* and Proposed Changes to their Companion Policies (the **Consultation**). Bridgehouse is registered as an investment fund manager, exempt market dealer and portfolio manager in Ontario and is the investment fund manager of the Bridgehouse Funds, which are prospectus qualified NI 81-102 funds. Bridgehouse also offers certain series of the Bridgehouse Funds in the exempt market pursuant to prospectus exemptions and in its capacity as exempt market dealer.

Bridgehouse is supportive of the efforts of the Ontario Securities Commission (the **Commission**) to review its fee rules, with the objective of aligning fees to costs, reflective of the evolution of the regulatory landscape. For instance, we are supportive of the proposed participation fee reductions, the proposed fee reductions on exempt distribution filings and the proposed elimination of certain activity and late fees, including permanently eliminating late fees on outside business activities.

In line with the Commission's review of late fees in the Consultation and the guiding principles used by the Commission when evaluating potential fee changes, particularly fair and proportionate fees and fee predictability, we strongly encourage the Commission to make clear in OSC Rule 13-502 that late filing fees for exempt distribution filings of investment funds, which have the same investment fund manager, are treated as one "person or company" for purposes of late fee calculation. To do otherwise can lead to late fees that are burdensomely high and not proportionate to the regulatory activity filing fee of exempt distribution filings (currently C\$500 and C\$350 in the Consultation) for investment funds. For instance, if an investment fund manager has 10 investment funds where the exempt distribution filings are two years late, the late filing fees will be C\$100,000, where the regulatory activity filing fee would be C\$5,000 currently and C\$3,500 under the Consultation.

Such an outcome represents a disproportionate regulatory impact on investment funds that are part of the same family of funds managed by the same investment fund manager. All actions of an investment fund are arranged for or undertaken by the investment fund manager on behalf of the fund. The result is that the filing of exempt distribution filings is ultimately the responsibility of the investment fund manager. The investment fund manager is the mind and management of the investment fund and ultimately bears the burden of the late filing fees, which results to an aggregation of the late fees. In contrast, such aggregation does not happen for a non-investment fund issuer, which typically has its own mind and management that is not shared with multiple entities. There is no public policy reason to be overly punitive to investment fund issuers and their mind and management versus non-investment fund issuers when the matter at issue (the filing an exempt distribution filing) is the same.

This interpretation is reasonable in the context of how investment fund issuers are structured and managed, typically by a single investment fund manager with multiple funds in a family of funds, as compared to non-investment fund issuers, which

are typically managed by mind and management specific to that non-investment fund issuer. This interpretation is also consistent with how filings fees are generally treated with respect to investment fund issuers with the same investment fund manager in OSC Rule 13-502. For instance, see section 6.3 of OSC Rule 13-502.

We also note that one of the purposes of the Consultation is to further nationally harmonize Ontario filing fees with the fees applicable in other Canadian jurisdictions. With respect to late filing fees for exempt distribution filings of investment funds, only Alberta and New Brunswick charge late filing fees and, in each case, the late fees are subject to a maximum of C\$1,000 per report. The Commission should consider revising its maximum late fees for exempt distribution filings to be levied per report, such that they do not “reset” each calendar year, which can lead to a disproportionate annual compounding of such fees.

Given the foregoing, we reiterate our strong encouragement that the Commission reconsider its application of late filing fees for exempt distribution filings of investment funds, in order to ensure that such fees are fair, proportionate and predictable.

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We appreciate this opportunity to provide our input to the Commission on the Consultation. We would be pleased to provide further information or answer any questions you may have. Please feel free to contact the undersigned.

Yours sincerely,

**BRANDES INVESTMENT PARTNERS & CO.**

*(signed) “Carol Lynde”*

**CAROL LYNDE**

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*(signed) “Christine Arruda”*

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