

Chapter 5

Rules and Policies

5.1.1 OSC Rule 13-502 Fees and Companion Policy 13-502CP Fees

ONTARIO SECURITIES COMMISSION RULE 13-502 FEES

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ONTARIO SECURITIES COMMISSION
RULE 13-502 FEES

PART 1 — INTERPRETATION

1.1 Definitions — In this Rule

“capitalization” means the amount determined in accordance with section 2.7, 2.8, 2.9 or 2.10;

“capital markets activities” means

- (a) activities for which registration under the Act or an exemption from registration is required,
- (b) acting as an investment fund manager, or
- (c) activities for which registration under the *Commodity Futures Act*, or an exemption from registration under the *Commodity Futures Act*, is required;

“Class 1 reporting issuer” means a reporting issuer that is incorporated or organized under the laws of Canada or a jurisdiction in Canada and that, at the end of its previous fiscal year, has securities listed or quoted on a marketplace in Canada or the United States of America;

“Class 2 reporting issuer” means a reporting issuer that is incorporated or organized under the laws of Canada or a jurisdiction in Canada other than a Class 1 reporting issuer;

“Class 3A reporting issuer” means

- (a) a reporting issuer that is not incorporated or organized under the laws of Canada or a jurisdiction in Canada and that, at the end of its previous fiscal year, has no securities listed or quoted on a marketplace located anywhere in the world, or
- (b) a reporting issuer that is not incorporated or organized under the laws of Canada or a jurisdiction in Canada and that, at the end of its previous fiscal year,
 - (i) has securities listed or quoted on a marketplace anywhere in the world,
 - (ii) has securities registered in the names of persons or companies resident in Ontario representing less than 1% of the market value of all outstanding securities of the reporting issuer for which the reporting issuer or its transfer agent or registrar maintains a list of registered owners,
 - (iii) reasonably believes that persons or companies who are resident in Ontario beneficially own less than 1% of the market value of all its outstanding securities,
 - (iv) reasonably believes that none of its securities traded on a marketplace in Canada during its previous fiscal year, and
 - (v) 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 subsidiary entities, or
 - (B) pursuant to the exercise of a right previously granted by it 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

- (a) that is not incorporated or organized under the laws of Canada or a jurisdiction in Canada,
- (b) that is not a Class 3A reporting issuer, and

- (c) whose trading volume in its previous fiscal year of securities listed or quoted on marketplaces in Canada was less than the trading volume in its previous fiscal year of its securities listed or quoted on marketplaces outside Canada;

“Class 3C reporting issuer” means a reporting issuer

- (a) that is not incorporated or organized under the laws of Canada or a jurisdiction in Canada, and
- (b) whose trading volume in its previous fiscal year of securities listed or quoted on marketplaces in Canada was greater than the trading volume in its previous fiscal year of its securities listed or quoted on marketplaces outside Canada;

“IIROC” means the Investment Industry Regulatory Organization of Canada and, where context requires, includes the Investment Dealers Association of Canada;

“marketplace” has the meaning ascribed to that term in National Instrument 21-101 *Marketplace Operation*;

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

“Ontario allocation factor” has the meaning that would be assigned by the first definition of that expression in subsection 1(1) of the *Taxation Act, 2007* if that definition were read without reference to the words “ending after December 31, 2008”;

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

- (a) if the participant is a company that has a permanent establishment in Ontario in the fiscal year, the participant’s Ontario allocation factor for the fiscal year expressed as a percentage and determined on the assumption that the participant had a taxation year that coincided with the fiscal year and is resident in Canada for the purposes of the ITA,
- (b) if paragraph (a) does not apply and the participant would have a permanent establishment in Ontario in the fiscal year if the participant were a company, the participant’s Ontario allocation factor for the fiscal year expressed as a percentage and determined on the assumption that the participant is a company, had a taxation year that coincided with the fiscal year and is resident in Canada for the purposes of the ITA, and
- (c) in any other case, the percentage of the participant’s total revenues for the fiscal year attributable to capital markets activities in Ontario;

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

“participant” means a person or company;

“permanent establishment” has the meaning provided in Part IV of the regulations under the ITA;

“previous fiscal year” of a participant in respect of a participation fee means,

- (a) where the participation fee is payable by a reporting issuer under section 2.2 and the required date of payment is determined with reference to the required date or actual date of filing of financial statements for a fiscal year under Ontario securities law, that fiscal year,
- (b) where the participation fee becomes payable by a firm under subsection 3.1(1) on December 31 of a calendar year, the last fiscal year of the participant ending in the calendar year, and
- (c) where the participation fee is payable by an unregistered investment fund manager under subsection 3.1(2) no more than 90 days after the end of a fiscal year, that fiscal year;

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

“specified Ontario revenues” means, for a registrant firm or an unregistered investment fund manager, the revenues determined under section 3.3, 3.4 or 3.5;

“subsidiary entity” has the meaning ascribed to “subsidiary” or “variable interest entity” under the accounting standards pursuant to which the entity’s financial statements are prepared under Ontario securities law; and

“unregistered investment fund manager” means an investment fund manager that is not registered under the Act.

- 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 if the investment fund has an investment fund manager.

2.2 Participation Fee

- (1) A reporting issuer must pay the participation fee shown in Appendix A opposite the capitalization of the reporting issuer for its previous fiscal year, as its capitalization is determined under section 2.7, 2.8 or 2.10.
- (2) Despite subsection (1), a Class 3A reporting issuer must pay a participation fee of \$600.
- (3) Despite subsection (1), a Class 3B reporting issuer must pay a participation fee equal to the greater of
 - (a) \$600, and
 - (b) 1/3 of the participation fee shown in Appendix A opposite the capitalization of the reporting issuer for its previous fiscal year, as its capitalization is determined under section 2.9.
- (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 period that begins immediately after the time that would otherwise be the end of the previous fiscal year in respect of the participation fee and ends at the time the participation fee would otherwise 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 are required to be filed under Ontario securities law, and
- (b) the date on which its annual financial statements are filed.

- 2.4 Disclosure of Fee Calculation** — At the time that it pays the participation fee required by this Part,

- (a) a Class 1 reporting issuer must file a completed Form 13-502F1,
- (b) a Class 2 reporting issuer must file a completed Form 13-502F2,
- (c) a Class 3A reporting issuer must file a completed Form 13-502F3A,
- (d) a Class 3B reporting issuer must file a completed Form 13-502F3B, and
- (e) a Class 3C reporting issuer must file a completed Form 13-502F3C.

2.5 Late Fee

- (1) A reporting issuer that is late in paying a participation fee under this Part must pay an additional fee of one-tenth of one percent of the unpaid portion of the participation fee for each business day on which any portion of the participation fee remains due and unpaid.
- (2) The amount determined under subsection (1) in respect of the late payment of a participation fee by a reporting issuer is deemed to be nil if the amount otherwise determined under subsection (1) in respect of the late payment of participation fee is less than \$10.

2.6 Participation Fee Exemption for Subsidiary Entities

- (1) Section 2.2 does not apply to a reporting issuer that is a subsidiary entity in respect of a participation fee determined with reference to the subsidiary entity's capitalization for the subsidiary entity's previous fiscal year if
 - (a) at the end of that previous fiscal year, a parent of the subsidiary entity was a reporting issuer,
 - (b) the accounting standards pursuant to which the parent's financial statements are prepared under Ontario securities law require the consolidation of the parent and the subsidiary entity,
 - (c) the parent has paid a participation fee applicable to the parent under section 2.2 determined with reference to the parent's capitalization for the parent's previous fiscal year,
 - (d) the capitalization of the subsidiary entity for its previous fiscal year was included in the capitalization of the parent for the parent's previous fiscal year, and
 - (e) the net assets and gross revenues of the subsidiary entity for its previous fiscal year represented more than 90 percent of the consolidated net assets and gross revenues of the parent for the parent's previous fiscal year.
- (2) Section 2.2 does not apply to a reporting issuer that is a subsidiary entity in respect of a participation fee determined with reference to the subsidiary entity's capitalization for the subsidiary entity's previous fiscal year if
 - (a) at the end of that previous fiscal year, a parent of the subsidiary entity was a reporting issuer,
 - (b) the accounting standards pursuant to which the parent's financial statements are prepared under Ontario securities law require the consolidation of the parent and the subsidiary entity,
 - (c) the parent has paid a participation fee applicable to the parent under section 2.2 determined with reference to the parent's capitalization for the parent's previous fiscal year,
 - (d) the capitalization of the subsidiary entity for its previous fiscal year was included in the capitalization of the parent for the parent's previous fiscal year, and
 - (e) throughout the previous fiscal year of the subsidiary entity, the subsidiary entity was entitled to rely on an exemption, waiver or approval from the requirements in subsections 4.1(1), 4.3(1) and 5.1(1) and sections 5.2 and 6.1 of National Instrument 51-102 *Continuous Disclosure Obligations*.
- (3) If, under subsection (1) or (2), a reporting issuer has not paid a participation fee, the reporting issuer must file a completed Form 13-502F6 at the time it is otherwise required to pay the participation fee under section 2.3.

2.6.1 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 section 2.3, 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 fiscal year, and
 - (b) pay the participation fee shown in Appendix A opposite the capitalization estimated under paragraph (a).
- (2) A Class 2 reporting issuer that estimated its capitalization under subsection (1) must, when it files its annual financial statements for the previous fiscal year,
 - (a) calculate its capitalization under section 2.8,
 - (b) pay the participation fee shown in Appendix A opposite the capitalization calculated under section 2.8, less the participation fee paid under subsection (1), and
 - (c) file a completed Form 13-502F2A.

- (3) If a reporting issuer paid an amount paid under subsection (1) that exceeds the participation fee calculated under section (2), the issuer is entitled to a refund from the Commission of the amount overpaid.

Division 2: Calculating Capitalization

2.7 Class 1 reporting issuers — The capitalization of a Class 1 reporting issuer for its previous fiscal year is the total of

- (a) the average market value over the previous fiscal year of each class or series of the reporting issuer's securities listed or quoted on a marketplace, calculated by multiplying
- (i) the total number of securities of the class or series outstanding at the end of the previous fiscal year, by
 - (ii) the simple average of the closing prices of the class or series on the last trading day of each month of the previous fiscal year in which the class or series were listed or quoted on the marketplace
 - (A) on which the highest volume in Canada of the class or series was traded in the previous fiscal year, or
 - (B) if the class or series was not traded in the previous fiscal year on a marketplace in Canada, on which the highest volume in the United States of America of the class or series was traded in the previous fiscal year, and
- (b) the market value at the end of the previous fiscal year, as determined by the reporting issuer in good faith, of each class or series of securities of the reporting issuer not valued under paragraph (a), if any securities of the class or series
- (i) were initially issued to a person or company resident in Canada, and
 - (ii) trade over the counter or, after their initial issuance, are otherwise generally available for purchase or sale by way of transactions carried out through, or with, dealers.

2.8 Class 2 reporting issuers

- (1) The capitalization of a Class 2 reporting issuer for its previous fiscal year is the total of all of the following items, as shown in its audited balance sheet as at the end of the previous fiscal year:
- (a) retained earnings or deficit;
 - (b) contributed surplus;
 - (c) share capital or owners' equity, options, warrants and preferred shares;
 - (d) long term debt, including the current portion;
 - (e) capital leases, including the current portion;
 - (f) minority or non-controlling interest;
 - (g) items classified on the balance sheet between current liabilities and shareholders' equity, and not otherwise referred to in this subsection;
 - (h) any other item forming part of shareholders' 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 its previous fiscal year, if the reporting issuer is not required to prepare, and does not ordinarily prepare, audited annual financial statements.

2.9 Class 3B reporting issuers — The capitalization of a Class 3B reporting issuer for its previous fiscal year is the total of each value of each class or series of securities of the reporting issuer listed or quoted on a marketplace, calculated by multiplying

- (a) the number of securities of the class or series outstanding at the end of the previous fiscal year, by
- (b) the simple average of the closing prices of the class or series on the last trading day of each month of the previous fiscal year in which the class or series were quoted on the marketplace on which the highest volume of the class or series was traded in the previous fiscal year.

2.10 Class 3C reporting issuers — The capitalization of a Class 3C reporting issuer is determined under section 2.7, as if it were a Class 1 reporting issuer.

2.11 Reliance on Published Information

- (1) Subject to subsection (2), in determining its capitalization for purposes of this Part, a reporting issuer may rely on information made available by a marketplace on which securities of the reporting issuer trade.
- (2) If a reporting issuer reasonably believes that the information made available by a marketplace is incorrect, subsection (1) does not apply and the issuer must make a good faith estimate of the information required.

PART 3 — CAPITAL MARKETS PARTICIPATION FEES

3.1 Participation Fee

- (1) On December 31, a registrant firm must pay the participation fee shown in Appendix B opposite the registrant firm's specified Ontario revenues for its previous fiscal year, as that revenue is calculated under section 3.3, 3.4 or 3.5.
- (2) Not later than 90 days after the end of its fiscal year, if at any time in the fiscal year a person or company was an unregistered investment fund manager, the fund manager must pay the participation fee shown in Appendix B opposite the fund manager's specified Ontario revenues for the fiscal year, as those revenues are calculated under section 3.4.
- (3) Subsection (2) does not apply to require the payment of a participation fee by a person or company 90 days after the end of its fiscal year if the person or company
 - (a) ceased at any time in the fiscal year to be an unregistered investment fund manager, and
 - (b) the person or company did not become a registrant firm at that time.
- (4) Despite subsection (2), where a person or company ceases at any time in a calendar year to be an unregistered investment fund manager and at that time becomes a registrant firm, the participation fee payable under subsection (2) not later than 90 days after the end of its last fiscal year ending in the calendar year is deemed to be the amount determined by the formula

$$A \times B/365$$

in which,

"A" is equal to the amount, if any, that would be the participation fee payable under subsection (2) not later than 90 days after the end of that fiscal year if this section were read without reference to this subsection, and

"B" is equal to the number of days in that calendar year ending after the end of that fiscal year.

3.2 Disclosure of Fee Calculation

- (1) By December 1, a registrant firm must file a completed Form 13-502F4 showing the information required to determine the participation fee due on December 31.

- (2) At the time that it pays any participation fee required under subsection 3.1(2), an unregistered investment fund manager must file a completed Form 13-502F4 showing the information required to determine the participation fee.

3.3 Specified Ontario Revenues for IIROC and MFDA Members

- (1) The specified Ontario revenues for its previous fiscal year of a registrant firm that was an IIROC or MFDA member at the end of the previous fiscal year is calculated by multiplying
 - (a) the registrant firm's total revenue for its previous fiscal year, less the portion of that total revenue not attributable to capital markets activities, by
 - (b) the registrant firm's Ontario percentage for its previous fiscal year.
- (2) For the purpose of paragraph (1)(a), "total revenue" for a previous fiscal year means,
 - (a) for a registrant firm that was an IIROC member at the end of the previous fiscal year, the amount shown as total revenue for the previous fiscal 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 fiscal year, the amount shown as total revenue for the previous fiscal year on Statement D of the MFDA Financial Questionnaire and Report filed with the MFDA by the registrant firm.

3.4 Specified Ontario Revenues for Others

- (1) The specified Ontario revenues of a registrant firm for its previous fiscal year that was not a member of IIROC or the MFDA at the end of the previous fiscal year is calculated by multiplying
 - (a) the registrant firm's gross revenues, as shown in the audited financial statements prepared for the previous fiscal year, less deductions permitted under subsection (3), by
 - (b) the registrant firm's Ontario percentage for the previous fiscal year.
- (2) The specified Ontario revenues of an unregistered investment fund manager for its previous fiscal year is calculated by multiplying
 - (a) the fund manager's gross revenues, as shown in the audited financial statements for the previous fiscal year, less deductions permitted under subsection (3), by
 - (b) the fund manager's Ontario percentage for the previous fiscal year.
- (3) For the purpose of paragraphs (1)(a) and (2)(a), a person or company may deduct the following items otherwise included in gross revenues for the previous fiscal year:
 - (a) revenue 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 fund by the person or company;
 - (d) advisory or sub-advisory fees paid during the previous fiscal year by the person or company to a registrant firm, as "registrant firm" is defined in this Rule or in Rule 13-503 (*Commodity Futures Act Fees*);
 - (e) trailing commissions paid during the previous fiscal year by the person or company to a registrant firm described in paragraph (d).

- (4) Despite subsection (1), a registrant firm that is registered only as one or more of a limited market dealer, an international dealer or an international adviser may calculate its gross revenues using unaudited financial statements if it is not required to prepare, and does not ordinarily prepare, audited financial statements.
- (5) Despite subsection (2), an unregistered investment fund manager may calculate its gross revenues using unaudited financial statements if it is not required to prepare, and does not ordinarily prepare, audited financial statements.

3.5 Estimating Specified Ontario Revenues for Late Fiscal Year End

- (1) If the annual financial statements of a registrant firm for the previous fiscal year have not been completed by December 1 in the calendar year in which the previous fiscal year ends, the registrant firm must,
 - (a) on December 1 in that calendar year, 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 fiscal year, and
 - (b) on December 31 in that calendar year, pay the participation fee shown in Appendix B opposite the specified Ontario revenues estimated under paragraph (a).
- (2) A registrant firm that estimated its specified Ontario revenues under subsection (1) must, when its annual financial statements for the previous fiscal year have been completed,
 - (a) calculate its specified Ontario revenues under section 3.3 or 3.4, as applicable,
 - (b) determine the participation fee shown in Appendix B opposite the specified Ontario revenues calculated under paragraph (a),
 - (c) complete a Form 13-502F4 reflecting the annual financial statements, and
 - (d) if the participation fee determined under paragraph (b) differs from the corresponding participation fee paid under subsection (1), the registrant firm must, not later than 90 days after the end of the previous fiscal year,
 - (i) pay the amount, if any, by which
 - (A) the participation fee determined without reference to this section, exceeds
 - (B) the corresponding participation fee paid under subsection (1),
 - (ii) file the Form 13-502F4 completed under paragraph (c), and
 - (iii) file a completed Form 13-502F5.
- (3) If a registrant firm paid an amount paid under subsection (1) that exceeds the corresponding participation fee determined without reference to this section, the registrant firm is entitled to a refund from the Commission of the excess.

3.6 Late Fee

- (1) A participant that is late in paying a participation fee under this Part must pay an additional fee of one-tenth of one percent of the unpaid portion of the participation fee for each business day on which any portion of the participation fee remains due and unpaid.
- (2) The amount determined under subsection (1) in respect of the late payment of a participation fee by a participant is deemed to be nil if
 - (a) the participant pays an estimate of the participation fee in accordance with subsection 3.5(1), or
 - (b) the amount otherwise determined under subsection (1) in respect of the late payment of participation fee is less than \$10.

PART 4 — ACTIVITY FEES

- 4.1 Activity Fees** — A person or company that files a document or takes an action listed in Appendix C must, concurrently with filing the document or taking the action, pay the activity fee shown in Appendix C opposite the description of the document or action.
- 4.2 Investment Fund Families** — Despite section 4.1, only one activity fee must be paid for an application made by or on behalf of two or more investment funds that have
- (a) the same investment fund manager, or
 - (b) investment fund managers that are affiliates of each other.
- 4.3 Late Fee**
- (1) A person or company that files a document listed in item A of Appendix D after the document was required to be filed must, concurrently with filing the document, pay the late fee shown in Appendix D opposite the description of the document.
 - (2) Subsection (1) does not apply to the late filing of Form 13-502F4 by an unregistered investment fund manager.
 - (3) 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 item B of Appendix D upon receiving an invoice from the Commission.

PART 5 — CURRENCY CONVERSION

- 5.1 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 6 — EXEMPTION

- 6.1 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 7 — REVOCATION AND EFFECTIVE DATE

- 7.1 Revocation** — Rule 13-502 Fees, which came into force on April 1, 2006, is revoked.
- 7.2 Effective Date** — This Rule comes into force on June 1, 2009.

APPENDIX A — CORPORATE FINANCE PARTICIPATION FEES

Capitalization for the Previous Fiscal Year	Participation Fee
under \$25 million	\$600
\$25 million to under \$50 million	\$1,300
\$50 million to under \$100 million	\$3,200
\$100 million to under \$250 million	\$6,700
\$250 million to under \$500 million	\$14,700
\$500 million to under \$1 billion	\$20,500
\$1 billion to under \$5 billion	\$29,700
\$5 billion to under \$10 billion	\$38,300
\$10 billion to under \$25 billion	\$44,700
\$25 billion and over	\$50,300

APPENDIX B — CAPITAL MARKETS PARTICIPATION FEES

Specified Ontario Revenues for the Previous Fiscal Year	Participation Fee
under \$500,000	\$800
\$500,000 to under \$1 million	\$2,500
\$1 million to under \$3 million	\$5,600
\$3 million to under \$5 million	\$12,600
\$5 million to under \$10 million	\$25,500
\$10 million to under \$25 million	\$52,000
\$25 million to under \$50 million	\$78,000
\$50 million to under \$100 million	\$156,000
\$100 million to under \$200 million	\$259,000
\$200 million to under \$500 million	\$525,000
\$500 million to under \$1 billion	\$678,000
\$1 billion to under \$2 billion	\$855,000
\$2 billion and over	\$1,435,000

APPENDIX C - ACTIVITY FEES

Document or Activity	Fee
A. Prospectus Filing	
<p>1. Preliminary or Pro Forma Prospectus in Form 41-101F1 (including if PREP procedures are used)</p> <p><i>Notes:</i></p> <p>(i) <i>This applies to most issuers.</i></p> <p>(ii) <i>Each named issuer should pay its proportionate share of the fee in the case of a prospectus for multiple issuers (other than in the case of investment funds).</i></p>	\$3,000
<p>2. Additional fee for Preliminary or Pro Forma Prospectus in Form 41-101F1 of a resource issuer that is accompanied by engineering reports</p>	\$2,000
<p>3. 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 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>.</p>	\$3,000
<p>4. Prospectus Filing by or on behalf of certain investment funds</p>	
<p>(a) Preliminary or Pro Forma Simplified Prospectus and Annual Information Form in Form 81-101F1 and Form 81-101F2</p> <p><i>Note: Where a single prospectus document is filed on behalf of more than one investment fund, the applicable fee is payable for each investment fund.</i></p>	\$400
<p>(b) Preliminary or Pro Forma Prospectus in Form 41-101F2</p> <p><i>Note: Where a single prospectus document is filed on behalf of more than one investment fund and the investment funds do not have similar investment objectives and strategies, \$3,000 is payable for each investment fund.</i></p>	The greater of (i) \$3,000 per prospectus, and (ii) \$600 per investment fund in a prospectus.

Document or Activity	Fee
B. Fees relating to exempt distributions under OSC Rule 45-501 Ontario Prospectus and Registration Exemptions and NI 45-106 Prospectus and Registration Exemptions	
1. Application for recognition, or renewal of recognition, as an accredited investor	\$500
2. Forms 45-501F1 and 45-106F1 (a) Filing of a Form 45-501F1 or Form 45-106F1 for a distribution of securities of an issuer that is not an investment fund and is not subject to a participation fee (b) Filing of a Form 45-501F1 or Form 45-106F1 for a distribution of securities of an issuer that is an investment fund, unless the investment fund has an investment fund manager that is subject to a participation fee	\$500
3. Filing of a rights offering circular in Form 45-101F	\$2,000 (plus \$2,000 if neither the applicant nor an issuer of which the applicant is a wholly owned subsidiary is subject to, or is reasonably expected to become subject to, a participation fee under this Rule)
C. Provision of Notice under paragraph 2.42(2)(a) of NI 45-106 Prospectus and Registration Exemptions	\$2,000
D. Filing of Prospecting Syndicate Agreement	\$500
E. Applications for Relief, Approval or Recognition	
<p>1. Any application for relief, approval or recognition under an eligible securities section, being for the purpose of this item any provision of the Act or any Regulation or OSC Rule made under the Act not listed in item E(2), E(3) or E(4) below</p> <p><i>Note: The following are included in the applications that are subject to a fee under this item:</i></p> <ul style="list-style-type: none"> (i) recognition of an exchange under section 21 of the Act, a self-regulatory organization under section 21.1 of the Act, a clearing agency under section 21.2 of the Act or a quotation and trade reporting system under section 21.2.1 of the Act; (ii) approval of a compensation fund or contingency trust fund under section 110 of the Regulation; (iii) approval of the establishment of a council, committee or ancillary body under section 21.3 of the Act; (iv) deeming an issuer to be a reporting issuer under subsection 1(11) of the Act; (v) except as listed in item E.4(b), applications by a person or company under subsection 144(1) of the Act; and 	<p>\$3,000 for an application made under one eligible securities section and \$5,000 for an application made under two or more eligible securities sections (plus \$2,000 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 (Commodity Futures Act) Fees:</p> <ul style="list-style-type: none"> (i) the applicant; (ii) an issuer of which the applicant is a wholly owned subsidiary; (iii) the investment fund manager of the applicant).

Document or Activity	Fee
<i>(vi) exemption applications under section 147 of the Act.</i>	
<p>2. An application for relief from any of the following:</p> <p>(a) this Rule;</p> <p>(b) OSC Rule 31-506 <i>SRO Membership – Mutual Fund Dealers</i>;</p> <p>(c) OSC Rule 31-507 <i>SRO Membership – Securities Dealers and Brokers</i>;</p> <p>(d) NI 31-102 <i>National Registration Database</i>;</p> <p>(e) NI 33-109 <i>Registration Information</i>;</p> <p>(f) Part 3 of OSC Rule 31-502 <i>Proficiency</i>.</p>	\$1,500
<p>3. An application for relief from Part 1 or Part 2 of OSC Rule 31-502 <i>Proficiency</i></p>	\$800
<p>4. Application</p> <p>(a) under clause 1(10)(b), section 27 or subsection 38(3) of the Act or subsection 1(6) of the <i>Business Corporations Act</i>;</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>; and</p> <p>(c) 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).</p>	Nil
<p>5. Application for approval under subsection 213(3) of the <i>Loan and Trust Corporations Act</i></p>	\$1,500
<p>6.</p> <p>(a) Application 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) Application 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

Document or Activity	Fee
<p>F. Pre-Filings</p> <p><i>Note: The fee for a pre-filing will be credited against the applicable fee payable if and when the formal filing (e.g., an application or a preliminary prospectus) is actually proceeded with; otherwise, the fee is non-refundable.</i></p>	\$3,000
<p>G. Take-Over Bid and Issuer Bid Documents</p>	
<p>1. Filing of a take-over bid or issuer bid circular under subsection 94.2(2),(3) or (4) of the Act</p>	<p>\$3,000 (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)</p>
<p>2. Filing of a notice of change or variation under section 94.5 of the Act</p>	Nil
<p>H. Registration-Related Activity</p>	
<p>1. New registration of a firm in one or more categories of registration</p>	\$600
<p>2. Change in registration category</p> <p><i>Note: This includes a dealer becoming an adviser or vice versa, or changing a category of registration within the general categories of dealer or adviser. A dealer adding a category of registration, such as a dealer becoming both a dealer and an adviser, is covered in the preceding item.</i></p>	\$600
<p>3. Registration of a new director, officer or partner (trading 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>(iii) <i>A registration fee will not be charged if an individual makes an application to register with a new registrant firm within three months of terminating employment with his or her previous registrant firm if the individual's category of registration remains unchanged.</i></p>	\$200 per individual
<p>4. Change in status from a non-trading or non-advising capacity to a trading or advising capacity</p>	\$200 per individual
<p>5. 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>	\$2,000

Rules and Policies

Document or Activity	Fee
6. Application for amending terms and conditions of registration	\$500
I. Notice to Director under section 104 of the Regulation	\$3,000
J. Request for certified statement from the Commission or the Director under section 139 of the Act	\$100
K. Requests to the Commission	
1. Request for a photocopy of Commission records	\$0.50 per page
2. Request for a search of Commission records	\$150
3. Request for one's own Form 4	\$30

APPENDIX D – ADDITIONAL FEES FOR LATE DOCUMENT FILINGS

Document	Late Fee
<p>A. Fee for late filing of any of the following documents:</p> <ul style="list-style-type: none"> (a) Annual financial statements and interim financial statements; (b) Annual information form filed under NI 51-102 <i>Continuous Disclosure Obligations</i> or NI 81-106 <i>Investment Fund Continuous Disclosure</i>; (c) Form 45-501F1 or Form 45-106F1 filed by a reporting issuer; (d) Report under section 141 or 142 of the Regulation; (e) Filings for the purpose of amending Form 3 or Form 4 under the Regulation or Form 33-109F4 under NI 33-109 <i>Registration Information</i>, including the filing of Form 33-109F1; (f) Any document required to be filed 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"> (i) terms and conditions imposed on a registrant firm or individual, or (ii) an order of the Commission; (g) Form 13-502F4; (h) Form 13-502F5; (i) Form 13-502F6. 	<p>\$100 per business day</p> <p>(subject to a maximum aggregate fee of \$5,000</p> <ul style="list-style-type: none"> (i) per fiscal year, for a reporting issuer, for all documents required to be filed within a fiscal year of the issuer, and (ii) for a registrant firm and an unregistered investment fund manager for all documents required to be filed within a calendar year) <p><i>Note: Subsection 4.3(2) of this Rule exempts unregistered investment fund managers from the late filing fee for Form 13-502F4.</i></p>
<p>B. Fee for late filing of Form 55-102F2 – <i>Insider Report</i></p>	<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 1st and ending on March 31st.)</p> <p>The late fee does not apply to an insider if</p> <ul style="list-style-type: none"> (a) the head office of the issuer is located outside Ontario, and (b) the insider is required to pay a late fee for the filing in a jurisdiction in Canada other than Ontario.

FORM 13-502F1
CLASS 1 REPORTING ISSUERS – PARTICIPATION FEE

Reporting Issuer Name: _____

End date of last completed fiscal year: _____

Market value of listed or quoted securities:

Total number of securities of a class or series outstanding as at the end of the issuer's last completed fiscal year _____ (i)

Simple average of the closing price of that class or series as of the last trading day of each month in the last completed fiscal year (See clauses 2.7(a)(ii)(A) and (B) of the Rule) _____ (ii)

Market value of class or series (i) X (ii) = _____ (A)

(Repeat the above calculation for each other class or series of securities of the reporting issuer that was listed or quoted on a marketplace in Canada or the United States of America at the end of the last completed fiscal year) _____ (B)

Market value of other securities at end of the last completed fiscal year:

(See paragraph 2.7(b) of the Rule)
(Provide details of how value was determined) _____ (C)

(Repeat for each other class or series of securities to which paragraph 2.7(b) of the Rule applies) _____ (D)

Capitalization for the last completed fiscal year

(Add market value of all classes and series of securities) (A) + (B) + (C) + (D) = _____

Participation Fee

(From Appendix A of the Rule, select the participation fee beside the capitalization calculated above) _____

Late Fee, if applicable

(As determined under section 2.5 of the Rule) _____

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

Reporting Issuer Name: _____

End date of last completed fiscal year: _____

Financial Statement Values:

(Use stated values from the audited financial statements of the reporting issuer as of the end of its last completed fiscal 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)

Long term debt (including the current portion) _____ (D)

Capital leases (including the current portion) _____ (E)

Minority or non-controlling interest _____ (F)

Items classified on the balance sheet between current liabilities and shareholders' equity (and not otherwise listed above) _____ (G)

Any other item forming part of shareholders' equity and not set out specifically above _____ (H)

Capitalization for the last completed fiscal year

(Add items (A) through (H)) _____

Participation Fee

(From Appendix A of the Rule, select the participation fee beside the capitalization calculated above) _____

Late Fee, if applicable

(As determined under section 2.5 of the Rule) _____

FORM 13-502F2A

ADJUSTMENT OF FEE PAYMENT
FOR CLASS 2 REPORTING ISSUERS

Reporting Issuer Name: _____

Fiscal year end date used
to calculate capitalization: _____

State the amount paid under subsection 2.6.1(1) of Rule 13-502: _____ (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)

Long term debt (including the current portion) _____ (D)

Capital leases (including the current portion) _____ (E)

Minority or non-controlling interest _____ (F)

Items classified on the balance sheet between current liabilities and shareholders' equity (and not
otherwise listed above) _____ (G)

Any other item forming part of shareholders' equity and not set out specifically above _____ (H)

Capitalization

(Add items (A) through (H)) _____

Participation Fee

(From Appendix A of the Rule, select the participation fee
beside the capitalization calculated above) _____ (ii)

Refund due (Balance owing)

(Indicate the difference between (i) and (ii)) (i) - (ii) = _____

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

Reporting Issuer Name: _____

(Class 3A reporting issuer cannot be incorporated or organized under the laws of Canada or a province or territory of Canada)

Fiscal year end date: _____

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

- (a) At the fiscal year end date, the issuer has no securities listed or quoted on a marketplace located anywhere in the world; or

- (b) at the fiscal year end date, the issuer
 - (i) has securities listed or quoted on a marketplace anywhere in the world ,
 - (ii) has securities registered in the names of persons or companies resident in Ontario representing less than 1% of the market value of all outstanding securities of the issuer for which the issuer or its transfer agent or registrar maintains a list of registered owners,
 - (iii) reasonably believes that persons or companies who are resident in Ontario beneficially own less than 1% of the market value of all its outstanding securities,
 - (iv) reasonably believes that none of its securities traded on a marketplace in Canada during its previous fiscal year, and
 - (v) has not issued any of its securities in Ontario in the last 5 years, other than
 - (A) to its employees or to employees of its subsidiary entities, or
 - (B) pursuant to the exercise of a right previously granted by it or its affiliate to convert or exchange its previously issued securities without payment of any additional consideration.

Participation Fee \$600
(From subsection 2.2(2) of the Rule)

Late Fee, if applicable
(As determined under section 2.5 of the Rule)

**FORM 13-502F3B
CLASS 3B REPORTING ISSUERS – PARTICIPATION FEE**

Reporting Issuer Name: _____

End date of last completed fiscal year: _____

Market value of securities:

Total number of securities of a class or series outstanding as at the end of the issuer's last completed fiscal year _____ (i)

Simple average of the closing price of that class or series as of the last trading day of each month of the last completed fiscal year (See section 2.9(b) of the Rule) _____ (ii)

Market value of class or series (i) X (ii) = _____ (A)

(Repeat the above calculation for each other listed or quoted class or series of securities of the reporting issuer) _____ (B)

Capitalization for the last completed fiscal year
(Add market value of all classes and series of securities) (A) + (B) = _____

Participation Fee Otherwise Determined
(From Appendix A of the Rule, select the participation fee beside the capitalization calculated above) _____ (C)

Participation Fee Payable
1/3 of (C) or \$600, whichever is greater
(See subsection 2.2(3) of the Rule) _____

Late Fee, if applicable
(As determined under section 2.5 of the Rule) _____

**FORM 13-502F3C
CLASS 3C REPORTING ISSUERS – PARTICIPATION FEE**

Reporting Issuer Name: _____

End date of last completed fiscal year: _____

Section 2.10 of the Rule requires Class 3C reporting issuers to calculate their market capitalization in accordance with section 2.7 of the Rule.

Market value of listed or quoted securities:

Total number of securities of a class or series outstanding as at the end of the issuer's last completed fiscal year _____ (i)

Simple average of the closing price of that class or series as of the last trading day of each month of the last completed fiscal year (See clauses 2.7(a)(ii)(A) and (B) of the Rule) _____ (ii)

Market value of the class or series (i) X (ii) = _____ (A)

(Repeat the above calculation for each other class or series of securities of the reporting issuer that was listed or quoted on a marketplace in Canada or the United States of America at the end of the last completed fiscal year) _____ (B)

Market value of other securities:

(See paragraph 2.7(b) of the Rule)
(Provide details of how value was determined) _____ (C)

(Repeat for each other class or series of securities to which paragraph 2.7(b) of the Rule applies) _____ (D)

Capitalization for the last completed fiscal year
(Add market value of all classes and series of securities) (A) + (B) + (C) + (D) = _____

Participation Fee
(From Appendix A of the Rule, select the participation fee beside the capitalization calculated above) _____

Late Fee, if applicable
(As determined under section 2.5 of the Rule) _____

FORM 13-502F4
CAPITAL MARKETS PARTICIPATION FEE CALCULATION

General Instructions

1. IIROC members must complete Part I of this Form and MFDA members must complete Part II. Unregistered investment fund managers and registrant firms that are not IIROC or MFDA members must complete Part III.
2. The components of revenue reported in each Part should be based on accounting standards pursuant to which an entity's financial statements are prepared under Ontario securities law ("Accepted Accounting Standards"), except that revenues should be reported on an unconsolidated basis.
3. IIROC Members may refer to Statement E of the Joint Regulatory Financial Questionnaire and Report for guidance.
4. MFDA members may refer to Statement D of the MFDA Financial Questionnaire and Report for guidance.
5. Participation fee revenue will be based on the portion of total revenue that can be attributed to Ontario for the firm's most recently completed fiscal year, which is generally referred to the Rule as its "previous fiscal year".
6. If a firm's permanent establishments are situated only in Ontario, all of the firm's total revenue for a fiscal year is attributed to Ontario. If permanent establishments are situated in Ontario and elsewhere, the percentage attributed to Ontario for a fiscal 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 fiscal 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.
7. All figures must be expressed in Canadian dollars and rounded to the nearest thousand.
8. Information reported on this questionnaire must be certified by two members of senior management in Part IV to attest to its completeness and accuracy.

Notes for Part III

1. Gross revenue is defined as the sum of all revenues reported on a gross basis as per the audited financial statements, except where unaudited financial statements are permitted in accordance with subsection 3.4(4) or (5) of the Rule. Audited financial statements should be prepared in accordance with Accepted Accounting Standards, except that revenues should be reported on an unconsolidated basis. Items reported on a net basis must be adjusted for purposes of the fee calculation.
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 gross revenue and represent the reasonable recovery of costs from the investment funds for operating expenses paid on their behalf by the registrant firm or unregistered investment fund manager.
4. Where the advisory services of another registrant firm, within the meaning of this Rule or OSC Rule 13-503 (*Commodity Futures Act*) Fees, 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.
5. Trailer fees paid to other registrant firms described in note 4 are permitted as a deduction on this line to the extent they are otherwise included in gross revenues.

Participation Fee Calculation

Firm Name: _____

End date of last completed fiscal year: _____

Last Completed
Fiscal
Year
\$

Part I — IIROC Members

- 1. Total revenue for last completed fiscal 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 last completed fiscal 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 last completed fiscal 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 last completed fiscal 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 — Other registrant firms and unregistered investment fund managers

- 1. Gross revenue for last completed fiscal 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 (note 4) _____

- 6. Trailer fees paid to other 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 last completed fiscal 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)

Part IV - Management Certification

We have examined the attached statements and certify that, to the best of our knowledge, they present fairly the revenues of the firm for the period ended _____ and are prepared in agreement with the books of the firm.

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

	Name and Title	Signature	Date
1.	_____	_____	_____
2.	_____	_____	_____

**FORM 13-502F5
ADJUSTMENT OF FEE FOR REGISTRANT FIRMS**

Registrant firm name: _____

End date of last completed fiscal year: _____

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

1. Estimated participation fee paid under subsection 3.5(1) of the Rule: _____
2. Actual participation fee calculated under paragraph 3.5(2)(b) of the Rule: _____
3. Refund due (Balance owing): _____
(Indicate the difference between lines 1 and 2) _____

FORM 13-502F6
SUBSIDIARY ENTITY EXEMPTION NOTICE

Name of Subsidiary Entity: _____

Name of Parent: _____

End Date of Subsidiary Entity's Last Completed Fiscal Year: _____

Indicate below which exemption the subsidiary entity intends to rely on by checking the appropriate box:

1. Subsection 2.6(1)

The reporting issuer (subsidiary entity) meets the following criteria set out under subsection 2.6(1) of the Rule:

- a) at the end of the subsidiary entity's last completed fiscal year, the parent of the subsidiary entity was a reporting issuer;
- b) the accounting standards pursuant to which the parent's financial statements are prepared under Ontario securities law require the consolidation of the parent and the subsidiary entity;
- c) the parent has paid a participation fee required with reference to the parent's market capitalization for the parent's last completed fiscal year;
- d) the market capitalization of the subsidiary entity for the last completed fiscal year was included in the market capitalization of the parent for the last completed fiscal year; and
- e) the net assets and gross revenues of the subsidiary entity for its last completed fiscal year represented more than 90 percent of the consolidated net assets and gross revenues of the parent for the parent's last completed fiscal year.

	Net Assets for last completed fiscal year	Gross Revenues for last completed fiscal year	
Reporting Issuer (Subsidiary Entity)	_____	_____	(A)
Reporting Issuer (Parent)	_____	_____	(B)
Percentage (A/B)	_____%	_____%	

2. Subsection 2.6(2)

The reporting issuer (subsidiary entity) meets the following criteria set out under subsection 2.6(2) of the Rule:

- a) at the end of the subsidiary entity's last completed fiscal year, the parent of the subsidiary entity was a reporting issuer;
- b) the accounting standards pursuant to which the parent's financial statements are prepared under Ontario securities law require the consolidation of the parent and the subsidiary entity;
- c) the parent has paid a participation fee required with reference to the parent's market capitalization for the parent's last completed fiscal year;
- d) the market capitalization of the subsidiary entity for the last completed fiscal year was included in the market capitalization of the parent for the last completed fiscal year; and
- e) throughout the last completed fiscal year of the subsidiary entity, the subsidiary entity was entitled to rely on an exemption, waiver or approval from the requirements in subsections 4.1(1), 4.3(1) and 5.1(1) and sections 5.2 and 6.1 of NI 51-102 *Continuous Disclosure Obligations*.

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 investment fund managers are required to pay participation fees annually. Participation fees are designed to cover the Commission’s costs not easily attributable to specific regulatory activities. The participation fee required of a market participant is based on a measure of the market participant’s size, which is used as a proxy for its proportionate participation in the Ontario capital markets.
- (2) Participation fees are determined with reference to capitalization or gross revenue from a market participant’s “previous fiscal year”, which is essentially defined in section 1.1 of the Rule as the last completed fiscal year before the participation fee is required to be paid.

- 2.3 Application of Participation Fees** — Although participation fees are determined by using information from a fiscal year of the payor ending before the time of their payment, both corporate finance and capital markets participation fees 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. That is, 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 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.

2.6 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 as a dealer or adviser under the Act. 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 2.8 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 No Refunds

- (1) Generally, a person or company that pays a fee under the Rule is not entitled to a refund of that fee. 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 investment fund manager that loses that status later in the fiscal year for which the fee was paid.

- (2) An exception to this principle is provided in subsections 2.6.1(3) and 3.5(3) of the Rule. These subsections allow for a refund where a registrant firm overpaid an estimated participation fee.
- (3) The Commission will also consider requests for adjustments to fees paid in the case of incorrect calculations made by fee payors.

2.8 Indirect Avoidance of Rule — The Commission may examine arrangements or structures implemented by market participants 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 be interested in circumstances in which revenues from registrable activities carried on by a corporate group are not treated as revenues of a registrant firm, thereby possibly artificially reducing the firm's specified Ontario revenues and, consequently, its participation fee.

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 2.5 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 2.6 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 of the Rule determined with reference to the parent's capitalization for the parent's fiscal year. For greater certainty, this condition to the exemption is not satisfied in circumstances where the parent of a subsidiary entity has paid a fixed participation fee in reliance on subsection 2.2(2) or (3) of the Rule in lieu of a participation fee determined with reference to the parent's capitalization for its fiscal year.

3.4 Determination of Market Value

- (1) Section 2.7 of the Rule requires the calculation of the capitalization of a Class 1 reporting issuer to include the total market value of classes of securities that may not be listed or quoted on a marketplace, but trade over the counter or, after their initial issuance, are otherwise generally available for sale. Note that the requirement that securities be valued in accordance with market value excludes from the calculation securities that are not normally traded after their initial issuance.
- (2) When determining the value of securities that are not listed or quoted, a reporting issuer should use the best available source for pricing the securities. That source may be one or more of the following:
 - (a) pricing services,
 - (b) quotations from one or more dealers, or
 - (c) prices on recent transactions.
- (3) Note that market value calculation of a class of securities included in a calculation under section 2.7 of the Rule includes all of the securities of the class, even if some of those securities are still subject to a hold period or are otherwise not freely tradable.
- (4) 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 — A Class 2 reporting issuer calculates its capitalization on the basis of certain items reflected in its audited balance sheet. One such item is "share capital or owners' equity". The Commission notes that "owners' equity" is designed to describe the equivalent of share capital for non-corporate issuers, such as partnerships or trusts.

PART 4 — CAPITAL MARKETS PARTICIPATION FEES

- 4.1 Filing Forms under Section 3.5 of the Rule** — If the estimated participation fee paid under subsection 3.5(1) of the Rule by a registrant firm does not differ from its true participation fee determined under paragraph 3.5(2)(b) of the Rule, the registrant firm is not required to file either a Form 13-502F4 or a Form 13-502F5 under paragraph 3.5(2)(d) of the Rule.
- 4.2 Late Fees** — Section 3.6 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 investment fund manager, such as prohibiting the manager from continuing to manage any investment fund or cease trading the investment funds managed by the manager.
- 4.3 Form of Payment of Fees** — Unregistered investment fund managers make filings and pay fees under Part 3 of the Rule by paper copy. The filings and payment should be sent to the Ontario Securities Commission, Investment Funds. Registrant firms pay through the National Registration Database.
- 4.4 “Capital markets activities”**
- (1) A person or company must consider its capital markets activities when calculating its participation fee. The term “capital markets activities” is defined in the Rule to include “activities for which registration under the Act or an exemption from registration is required”. The Commission is of the view that these activities include, without limitation, trading in securities, providing securities-related advice and 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 definition of “capital markets activities” also includes activities for which registration or an exemption from registration under the *Commodity Futures Act* is required. The Commission is of the view that these activities include, without limitation, trading in commodity futures contracts, providing commodity futures contracts-related advice and portfolio management services involving commodity futures contracts.
- 4.5 Permitted Deductions** — Subsection 3.4(3) of the Rule permits certain deductions to be made for the purpose of calculating specified Ontario revenues for unregistered investment fund managers and certain registrant firms. The purpose of these deductions is to prevent the “double counting” of revenues that would otherwise occur.
- 4.6 Application to Non-resident Unregistered Investment Fund Managers** — For greater certainty, the Commission is of the view that Part 3 of the Rule applies to non-resident unregistered investment fund managers managing investment funds distributed in Ontario on a prospectus exempt basis.
- 4.7 Change of Status of Unregistered Investment Fund Managers** — Subsection 3.1(4) of the Rule reduces the participation fee otherwise payable after the end of a fiscal year under subsection 3.1(2) of the Rule by an unregistered investment fund manager that becomes a registrant firm. The reduction takes into account the imposition of a participation fee payable by registrant firms under subsection 3.1(1) of the Rule on December 31 of a calendar year and generally prevents the imposition of total participation fees in excess of total participation fees that would have been charged had there been no change of registration status.