

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

**NOTICE OF
AMENDMENTS TO
OSC RULE 13-502 FEES
AND COMPANION POLICY 13-502CP FEES**

Introduction

On January 19, 2010, the Ontario Securities Commission (OSC, Commission or we) made amendments to OSC Rule 13-502 *Fees* and adopted a change to Companion Policy 13-502CP *Fees* under the *Securities Act* (the Act) (collectively, the Proposed Material). An earlier version of the proposed amendments to the Rule was published for a 90-day comment period on October 2, 2009. In this notice, references to the "Proposed Rule" are to the Rule as it is proposed to be amended.

Under section 143.3 of the Act, the proposed amendments to the Rule were delivered to the Minister of Finance on January 20, 2010. If the Minister approves the proposed amendments by March 19, 2010, they come into force on April 5, 2010.

Substance and purpose of the Proposed Materials

The proposed amendments to the Rule are consistent with the basic framework under the current rule. Under the current rule and the Proposed Rule, participation fees are designed to cover Commission costs that are not attributable to activities on behalf of a specific market participant. These fees are based on the market participant's size, which is used as a proxy for its use of the Ontario capital markets. Activity fees are designed to recover direct costs of the Commission of reviewing documents.

The proposed amendments to the Rule provide adjustments with regard to both participation fees and activity fees. With the exceptions noted below, all of the proposed amendments to the Rule were published for comment on October 2, 2009.

The proposed amendments to the Rule and the proposed change to the Companion Policy are summarized below.

Corporate finance participation fees

It is proposed that participation fees for reporting issuers be increased by 17% annually over three years at each tier of capitalization.

Capital markets participation fees

(i) Fee increases

It is proposed that capital markets participation fees be increased by 9% annually over three years at each tier of specified Ontario revenues. This increase was reflected in the materials published for comment on October 2, 2009. The minor technical changes described below with regard to capital markets participation fees were not.

(ii) Capital market participation fees – subsection 3.1(3)

Subsection 3.1(3) of the Rule provides an exemption from the payment of participation fees charged to unregistered investment fund managers after the end of a fiscal year, where they cease to have that status in the fiscal year (otherwise because of their registration). In the Proposed Rule, drafting changes have been made to confirm the intent of the subsection.

(iii) Disclosure of Fee Calculation – section 3.2

Subsection 3.2(1) of the Rule provides that registrant firms and unregistered exempt international firms must file a completed Form 13-502F4 by December 1 of a calendar year, showing the information required to calculate the participation fee due on December 31 of the calendar year.

Subsection 3.2(1) of the Rule does not address the situation where a firm becomes registered after December 1 in a calendar year, nor the situation where the firm is notified that it qualifies as an exempt international firm after December 1 in the calendar year.

New subsection 3.2(1.1) of the Proposed Rule provides that, in these cases, the calculation information can be filed after December 1 (as soon as practicable after registration or providing notification of status as an exempt international firm). This amendment conforms with current administrative practice. The reference to December 1 in paragraph 3.5(1)(a) of the Proposed Rule is likewise revised as a consequence of new subsection 3.2(1.1) of the Proposed Rule.

(iv) Payment to Exempt International Firms of Advisory and Sub-advisory Fees – subsection 3.4(3)

Subsection 3.4(3) of the Rule allows, in computing the specified Ontario revenues of registrant firms (other than IIROC and MFDA members) and of unregistered exempt international firms, the deduction of advisory and sub-advisory fees payable to registrant firms. The deduction of these fees can result in a firm being subject to a smaller participation fee if the deduction results in a lower relevant tier of specified Ontario revenues. Subsection 3.4(3) is designed to address the potential duplication of participation fees for parties involved in structures.

In the Proposed Rule, subsection 3.4(3) is extended to cases where the recipient of such fees is an exempt international firm. The amendment is designed to allow this measure to operate as it did before registration reform, given the new exemption for registration provided to exempt international firms as a consequence of registration reform.

(v) Form 13-502F4

In the Proposed Rule, Form 13-502F4 is amended to reflect the proposed changes in section 3.2 and subsection 3.4(3) of the Proposed Rule.

Non-substantive changes to the form has been made to improve its organization and clarify instructions provided. All of these changes are consistent with present administrative practice.

Activity fees

Where no change in an activity fee is proposed, higher costs for resources have been offset by savings from process improvements and improved quality of material submitted for review.

(i) Prospectuses

Amendments to items 1 and 3 of section A of Appendix C of the Proposed Rule would increase the fee for certain prospectus reviews from \$3,000 to \$3,250, reflecting the increased complexity of issues arising in these reviews and the higher costs of resources involved in their review. The same fee is also proposed under new item 5 of section A of Appendix C of the Proposed Rule with regard to the review of linked note supplements. In the case of preliminary or *pro forma* prospectus filings in Form 41-101F2 by or on behalf of certain investment funds, the new filing fee under item 4 of section A of Appendix C of the Proposed Rule would be the greater of \$3,250 (up from \$3,000) and \$650 (up from \$600) per investment fund in a prospectus.

(ii) Engineering Reports

Under the Rule, a \$2,000 additional fee is charged in connection with a long-form prospectus of a resource issuer accompanied by engineering reports. Under the Proposed Rule, this additional fee would also apply in connection with the other forms of prospectus.

(iii) Applications

Under amended item 1 of section E of Appendix C of the Proposed Rule, the fee for various application reviews would increase from \$3,000 to \$3,250. This primarily reflects the higher costs of resources involved in their review and the increased complexity of issues arising in these reviews.

(iv) Take-over bids and issuer bids

Under amended item 1 of section G of Appendix C of the Proposed Rule, the fee for filing of a take-over bid or issuer bid circular would increase from \$3,000 to \$4,000, primarily reflecting the increased complexity of issues arising in these reviews and the higher costs of resources involved in their review.

(v) Pre-Filing Fees

Under section F of Appendix C of the Rule, a pre-filing fee is charged in connection with pre-filings for which fees are charged in Appendix B. This pre-filing fee, which is creditable against the corresponding filing fee, is currently equal to the lesser of \$3,000 and the corresponding filing fee. The pre-filing fee is proposed to be amended so that it is simply equal to the corresponding filing fee. In the normal course of events, this pre-filing fee would be fully creditable against the corresponding filing fee.

(vi) Proficiency requirements for registration

Under the Proposed Rule, an \$800 fee would be newly imposed to apply for relief from the proficiency requirements in National Instrument 31-103 Registration Requirements and Exemptions (NI 31-103) for chief compliance officers of scholarship plan

dealers and exempt market dealers and for dealing representatives of exempt market dealers. This charge reflects that these applications entail a significant use of staff resources. The new \$800 fee is equal to the fee in the Current Rule charged for similar applications for relief from proficiency applications described in item 3 of section E of Appendix C.

Under the Proposed Rule, a \$1,500 fee would be newly imposed to apply for relief from the proficiency requirements in NI 31-103 for chief compliance officers of investment fund managers. This charge reflects that these applications entail a significant use of staff resources. The new \$1,500 fee is equal to the fee in the Current Rule charged for similar applications for relief from proficiency applications described in item 2 of section E of Appendix C.

(vii) Registrations of chief compliance officers and ultimate designated persons

Under amended item 4.1 of section H of the Proposed Rule, a \$200 fee per individual would be newly imposed for registration as a chief compliance officer or ultimate designated person of a registrant firm, if the individual is not already registered as a representative on behalf of the registrant firm. This reflects a modest use of staff resources for such registrations.

(viii) Notice requirements under section 11.10 of NI 31-103

Section 11.9 of NI 31-103 provides for a notice to be provided by a registrant, generally in connection with certain acquisitions by it of control or assets of a registered firm. Section 11.10 of NI 31-103 requires a notice by a registered firm, generally in connection with the acquisition of control of that firm. No notice is required under section 11.10 in the event that section 11.9 is complied with in respect of the same transaction. The review processes contemplated by sections 11.9 and 11.10 are substantially similar.

Under the Rule, a fee is charged under section I of the Rule in connection with a notice under section 11.9 of NI 31-103. Under the Proposed Rule, this fee would be extended to notices required under section 11.10 of NI 31-103, in order to reflect resources used in connection with the review process contemplated by section 11.10.

(ix) Late fees

Under new paragraphs (f.1) to (f.4) of section A of Appendix D of the Proposed Rule, late fees would be imposed for the late filings of Forms 13-502F1, 13-502F2, 13-502F2A and 13-502F3B. Under the Current Rule and the Proposed Rule, these forms must be filed at the time that the payment of the participation fee is paid.

Companion Policy 13-502CP

The change to the Companion Policy sets out the Commission's interpretation with regard to materials required to be filed under Part 3 of the Rule, in order to clarify that this material will continue to be held in confidence. This is consistent with administrative practice.

Comments received

We received comment letters from the five respondents listed below. We would like to thank everyone who took the time to provide comments. We have carefully considered the comments and have provided a summary of the comments and our responses in Table A to this Notice. Copies of the comment letters are available on the Commission's website at www.osc.gov.on.ca.

- Alternative Investment Management Association – Canada (letter dated December 22, 2009)
- IGM Financial, Inc. (letter dated December 22, 2009)
- Fidelity Investments, Canada ULC (letter dated December 24, 2009)
- Invesco Trimark (letter dated December 31, 2009)
- The Investment Funds Institute of Canada (letter dated December 31, 2009)

Text of the Proposed Materials

The text of the Proposed Materials follows, together with a blackline showing how the proposed amendments would affect the consolidated version of the Rule. The proposed amendments to the Rule are set out in Annex A. The blackline is set out in Annex B. The proposed amendment to the Companion Policy is set out in Annex C.

Questions

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January 22, 2010

Table A

Item	Issue	Commission's Response
1.1	The mutual funds industry pays a disproportionate share of fees.	We agree with the assessment that the mutual fund industry is currently paying a disproportionate share of fees. The proposed fee increases will move us toward a more appropriate balance. The average increases proposed for issuers are almost double those for registrants. The increases to fees for issuers required to completely address this issue would not be tolerable, however, we are committed to resolving this issue as soon as practicable.
1.2	A decision to increase fees at this time is premature because markets have not recovered and the industry is facing new costs related to Point of Sale and the potential introduction of the Harmonized Sales Tax.	Securities market participants fund our operations through fees they pay. Our fees are set to recover our costs of operation in fulfilling our mandate while allowing us to remain financially stable. We understand the concerns about the impact of the costs arising from additional regulation, however, these measures are necessary to achieving our mandate to provide protection to investors and to foster fair and efficient capital markets.
1.3	The OSC should maintain fees at current levels for one more year and use the surplus and our reserve if necessary to fund deficits.	If we were to use our surplus to maintain fees at current levels for one more year, we would need to impose average annual increases of 34% for issuers and 18% for registrants for the following two years. We do not believe that use of the general reserve would be prudent as it may be required should the market growth rates assumed in setting fee rates not be achieved. While there is uncertainty, capital markets have rebounded significantly and recent statistics from the Investment Funds Institute of Canada suggest that market conditions have improved.
1.4	The OSC should adopt a two-year fee cycle beginning April 2011.	While there may be merit in using a two year fee cycle, given the potential establishment of a national regulator, we do not support making this change at this time.
1.5	Commenters had opposing opinions on whether fees should be based on historical data ("reference year ending before December 31, 2010").	Given the lack of concurrence in the comments received, as well as the potential establishment of a national regulator, we do not support making this change at this time.
1.6	The proposal "appears to accentuate fluctuations between fee tiers" when a registrant only experiences a marginal increase in its gross revenues. The breadth of the tiers is too wide and can create disproportionate impacts. Participation fees tiers could be reduced or these fees should be % based.	The goal of the current fee model is to create a clear and streamlined fee structure that reflects the Commission's cost of providing services. Given that those costs are relatively stable, year to year, the structure of the participation fees and tiers is designed to minimize volatility in the Commission's revenue and therefore better match revenue to costs. This also means that market participants generally experience stability in their fees from one year to the next.
1.7	Participation fees should be based on assets under management	When the current model was developed, considerable time was spent on selecting the appropriate bases for issuers' and registrants' participation fees. These were meant to reflect the relative size of operations and the potential value of market participation, as a proxy for the benefit derived by market participants from their participation in Ontario's capital markets. Guiding principles in selecting the bases included that they should be fair, easily obtainable and verifiable (e.g., revenues is an audited number, assets under administration is not) and easy to calculate and collect in order to minimize administrative burden for industry participants. Given these principles and following consultations with market participants, the following bases for participation fees were chosen: issuers - market capitalization; registrants - Ontario revenues. Participation fees are intended to correspond to the participant's use of the orderly, efficient market that the Commission's regulation strives to provide. We are of the view that this fee model fairly

Item	Issue	Commission's Response
		allocates the costs of regulation. In addition, the potential establishment of a national regulator does not support changing the fee structure at this time.
1.8	Fee increases for applications for exemptive relief due to increased complexity are not justified.	Applications that contain novel elements, regardless of their ultimate disposition, typically require more analysis, input and consultation than routine exemptive relief.
1.9	To the extent the oversight role requires less resources and lower costs than a direct daily regulatory role over MFDA members the OSC should review its participation fees to eliminate any duplication with MFDA membership fees.	We continue to be mindful of the regulatory fee burden particularly in regard to integrated entities who operate in various market segments. The OSC and other recognizing jurisdictions play an important role in providing oversight to the MFDA for which there are associated costs. Our activities in this regard are not duplicative and the fees are set at levels to recover our related costs.
1.10	The OSC should conduct a meaningful examination of its costs to determine what costs can be controlled/reduced so as to operate more efficiently and avoid fee increases.	Our Board of Directors and management are committed to prudently managing our budget and expenditures. Each year in setting our budget we carefully review our priorities and our capacity and assess whether existing resources could be reduced or reallocated to better serve priority areas, while not impairing the OSC's ability to achieve our mandate. We strive to provide value-for-money to our stakeholders and ensure that we deliver efficient and quality services and make the best use of all our resources, including people, technology, research and financial, to achieve timely and effective execution of all that we do.
1.11	Post implementation cost benefit analysis be conducted on all regulation.	We acknowledge that regulation of the financial sector has corresponding costs which are borne by the regulated entities. In fulfilling the OSC's mandate of protecting investors and fostering fair and efficient capital markets and confidence in capital markets, we make every effort to ensure that the costs associated with implementing regulatory initiatives do not outweigh their benefits. In addition, the OSC routinely conducts post-implementation reviews to assess the effectiveness, including costs, of new regulatory initiatives.
1.12	The OSC should evaluate the costs to Ontario participants of the OSC not participating in the Passport system.	The OSC and the Government of Ontario are committed to supporting the development of a national securities regulator to replace the Passport system. The Canadian Securities Transition Office has been established to develop a framework for such a national regulator.
1.13	Request clarification on the application of the \$800 fee for relief from section 3.9 of NI 31-103, whether it applies at the "dealer" level or separately to each "dealing representative".	The \$800 fee for relief from section 3.9 of NI 31-103 applies to each "dealing representative" and not at the "dealer level". As described in section 3.3 of Companion Policy 31-103CP, applications for relief from proficiency requirements require the review of each individual's qualifications and relevant experience.
1.14	The payment of even the lowest participation fee by a "nominal" unregistered investment fund manager who delegates all registerable activity to a registrant who pays a participation fee results in a duplication of participation fees .	As set out in the Notice of National Instrument 31-103 published on July 17, 2009, the Canadian Securities Administrators anticipates publishing a proposal for comment in the next year to explain circumstances under which an investment fund manager that does not have a Canadian head office will need to register, and in what additional provinces and territories an investment fund manager with a head office in Canada will need to register. Once this is resolved, we will reconsider the application of Rule 13-502 to investment fund managers and the investments funds managed by them.
1.15	The relationship between the investment fund manager and adviser of a non-resident	As set out in the Notice of National Instrument 31-103 published on July 17, 2009, the Canadian Securities Administrators anticipates publishing a proposal for comment in the next year to explain circumstances under which an

Item	Issue	Commission's Response
	<p>investment fund is not sufficient to warrant a registration requirement and should not trigger a participation fee for the investment fund manager.</p>	<p>investment fund manager that does not have a Canadian head office will need to register, and in what additional provinces and territories an investment fund manager with a head office in Canada will need to register. Once this is resolved, we will reconsider the application of Rule 13-502 to investment fund managers and the investment funds managed by them. If their investment fund managers are not subject to participation fees, investment funds would expect to be subject to activity fees payable for the filing of Forms 45-106F1 or 45-501F1 in connection with private placements as required by Rule 13-502.</p>
<p>1.16</p>	<p>A commenter took the position that the drafting of subsection 3.1(3) of the Rule was unclear.</p>	<p>We agree that the drafting of subsection 3.1(3) of the Rule can be improved and the material in this Notice includes drafting that we believe will clarify its intent.</p> <p>Subsection 3.1(3) of the Rule is intended to provide an exemption to a firm that is an unregistered investment fund manager from participation fees that become payable shortly after its fiscal year, in the event that the firm ceased at any time in that fiscal year to be a unregistered investment fund manager (otherwise than as a consequence of the firm's registration).</p> <p>The commenter understood the intent of this subsection and was helpful in providing drafting that we considered. The drafting put forward by the commenter was, however, not considered to be sufficiently precise in light of the year-by-year application of subsection 3.1(3).</p>
<p>1.17</p>	<p>Section 3.4 of OSC Rule 13-501 provides a deduction for certain firms in computing their specified Ontario revenues. Participation fees under Part 3 of the Rule are determined with reference to a firm's specified Ontario revenues.</p> <p>The deduction is available for advisory and sub-advisory fees payable to registrants. A commenter suggested that amounts paid to exempt international firms should also qualify for the deduction, given that these firms were previously subject to registration and are now exempt from registration under National Instrument 31-103.</p>	<p>We agree with this comment. The material in this Notice would thus extend paragraph 3.4(3)(d) to permit the deduction of advisory or sub-advisory fees to an unregistered exempt international firm in computing the fee payer's specified Ontario revenues.</p>

Annex A

Amendments to Ontario Securities Commission Rule 13-502 Fees

1. **Ontario Securities Commission Rule 13-502 Fees is amended by this Instrument.**
2. **Section 2.2 is amended by striking out “\$600” and substituting “\$700” in subsection (2) and paragraph (3)(a).**
3. **Section 2.2, as amended by section 2, is amended by striking out “\$700” and substituting “\$820” in subsection (2) and paragraph (3)(a).**
4. **Section 2.2, as amended by section 3, is amended by striking out “\$820” and substituting “\$960” in subsection (2) and paragraph (3)(a).**
5. **The portion of subsection 3.1(3) before paragraph (a) of that subsection is repealed and substituted by the following:**
 - (3) The participation fee otherwise required from a person or company under subsection (2) not later than 90 days after the end of its fiscal year is not required if the person or company
6. **Section 3.2 is amended by adding the following:**
 - (1.1) Despite subsection (1), if at a particular time after December 1 and in a calendar year, a firm becomes registered or provides notification that it qualifies as an unregistered exempt international firm, the completed Form 13-502F4 must be filed as soon as practicable after the particular time.
7. **Paragraph 3.4(3)(d) is repealed and substituted by the following:**
 - (d) advisory or sub-advisory fees paid during the previous fiscal 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;
8. **Paragraph 3.5(1)(a) is repealed and substituted by the following:**
 - (a) by the time in that calendar year specified in section 3.2, 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

9. *Appendix A is repealed and substituted by the following:*

APPENDIX A — CORPORATE FINANCE PARTICIPATION FEES

Capitalization for the Previous Fiscal Year	Participation Fee
under \$25 million	\$700
\$25 million to under \$50 million	\$1,520
\$50 million to under \$100 million	\$3,740
\$100 million to under \$250 million	\$7,850
\$250 million to under \$500 million	\$17,200
\$500 million to under \$1 billion	\$24,000
\$1 billion to under \$5 billion	\$34,750
\$5 billion to under \$10 billion	\$44,800
\$10 billion to under \$25 billion	\$52,300
\$25 billion and over	\$58,850

10. *Appendix A, as enacted by section 9, is repealed and substituted by the following:*

APPENDIX A — CORPORATE FINANCE PARTICIPATION FEES

Capitalization for the Previous Fiscal Year	Participation Fee
under \$25 million	\$820
\$25 million to under \$50 million	\$1,780
\$50 million to under \$100 million	\$4,380
\$100 million to under \$250 million	\$9,200
\$250 million to under \$500 million	\$20,100
\$500 million to under \$1 billion	\$28,100
\$1 billion to under \$5 billion	\$40,700
\$5 billion to under \$10 billion	\$52,400
\$10 billion to under \$25 billion	\$61,200
\$25 billion and over	\$68,900

11. *Appendix A, as enacted by section 10, is repealed and substituted by the following:*

APPENDIX A — CORPORATE FINANCE PARTICIPATION FEES

Capitalization for the Previous Fiscal Year	Participation Fee
under \$25 million	\$ 960
\$25 million to under \$50 million	\$2,080
\$50 million to under \$100 million	\$5,125
\$100 million to under \$250 million	\$10,700
\$250 million to under \$500 million	\$23,540
\$500 million to under \$1 billion	\$32,850
\$1 billion to under \$5 billion	\$47,600
\$5 billion to under \$10 billion	\$61,300
\$10 billion to under \$25 billion	\$71,600
\$25 billion and over	\$80,600

12. *Appendix B is repealed and substituted by the following:*

APPENDIX B — CAPITAL MARKETS PARTICIPATION FEES

Specified Ontario Revenues for the Previous Fiscal Year	Participation Fee
under \$500,000	\$870
\$500,000 to under \$1 million	\$2,725
\$1 million to under \$3 million	\$6,100
\$3 million to under \$5 million	\$13,725
\$5 million to under \$10 million	\$27,800
\$10 million to under \$25 million	\$56,700
\$25 million to under \$50 million	\$85,000
\$50 million to under \$100 million	\$170,000
\$100 million to under \$200 million	\$282,300
\$200 million to under \$500 million	\$572,250
\$500 million to under \$1 billion	\$739,000
\$1 billion to under \$2 billion	\$932,000
\$2 billion and over	\$1,564,000

13. *Appendix B, as enacted by section 12, is repealed and substituted by the following:*

APPENDIX B — CAPITAL MARKETS PARTICIPATION FEES

Specified Ontario Revenues for the Previous Fiscal Year	Participation Fee
under \$500,000	\$945
\$500,000 to under \$1 million	\$2,970
\$1 million to under \$3 million	\$6,650
\$3 million to under \$5 million	\$14,975
\$5 million to under \$10 million	\$30,300
\$10 million to under \$25 million	\$61,800
\$25 million to under \$50 million	\$92,650
\$50 million to under \$100 million	\$185,300
\$100 million to under \$200 million	\$307,700
\$200 million to under \$500 million	\$623,750
\$500 million to under \$1 billion	\$805,500
\$1 billion to under \$2 billion	\$1,015,900
\$2 billion and over	\$1,704,800

14. *Appendix B, as enacted by section 13, is repealed and substituted by the following:*

APPENDIX B — CAPITAL MARKETS PARTICIPATION FEES

Specified Ontario Revenues for the Previous Fiscal Year	Participation Fee
under \$500,000	\$1,035
\$500,000 to under \$1 million	\$3,240
\$1 million to under \$3 million	\$7,250
\$3 million to under \$5 million	\$16,325
\$5 million to under \$10 million	\$33,000
\$10 million to under \$25 million	\$67,400
\$25 million to under \$50 million	\$101,000
\$50 million to under \$100 million	\$202,000
\$100 million to under \$200 million	\$335,400
\$200 million to under \$500 million	\$679,900
\$500 million to under \$1 billion	\$878,000
\$1 billion to under \$2 billion	\$1,107,300
\$2 billion and over	\$1,858,200

15. **Appendix C is amended by**

- a. **striking out “\$3,000” in item 1 of section A and substituting “\$3,250”,**
- b. **striking out the words “in Form 41-101F1” in item 2 of section A,**
- c. **striking out “\$3,000” in items 3 and 4 of section A, wherever it occurs, and substituting “\$3,250”,**
- d. **striking out “\$600” item 4 of section A and substituting “\$650”,**
- e. **adding the following immediately after item 4 of section A:**

5.	Review 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.	\$3,250
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- f. **striking out “\$3,000” in item 1 of section E and substituting “\$3,250”,**
- g. **adding the following immediately after paragraph (f) in item 2 of section E:**
 - (f.1) section 3.14 [*Investment fund manager – chief compliance officer*] of NI 31-103;
- h. **adding the following immediately after paragraph (d) in item 3 of section E:**
 - (e) section 3.8 [*Scholarship plan dealer – chief compliance officer*] of NI 31-103,
 - (f) section 3.9 [*Exempt market dealer – dealing representative*] of NI 31-103,
 - (g) section 3.10 [*Exempt market dealer – chief compliance officer*] of NI 31-103.
- i. **adding “and” after paragraph (b) in item 4 of section E and striking out “and” at the end of paragraph (c) of section E;**
- j. **striking out paragraph (d) in item 4 of section E;**
- k. **striking out the words in second column of section F and substituting:**

The fee for each pre-filing is equal to the applicable fee that would be payable if the corresponding formal filing had proceeded at the same time as the pre-filing.
- l. **striking out “\$3,000” in item 1 of section G and substituting “\$4,000”,**
- m. **striking out “Nil” in item 4.1 of section H and substituting “\$200 per individual”, and**
- n. **striking out the words in the first column of section I and substituting the following:**
 - l. **Notice required under section 11.9 [*Registrant acquiring a registered firm’s securities or assets*] or 11.10 [*Registered firm whose securities are acquired*] of NI 31-103.**

16. **Appendix D is amended by adding the following after paragraph (f) of section A:**

- (f.1) Form 13-502F1;
- (f.2) Form 13-502F2;
- (f.3) Form 13-502F3A;

(f.4) Form 13-502F3B;

(f.5) Form 13-502F3C;

17. **Form 13-502F3A is amended by striking out “\$600” and substituting “\$700”.**
18. **Form 13-502F3A, as amended by section 13, is amended by striking out “\$700” and substituting “\$820”.**
19. **Form 13-502F3A, as amended by section 14, is amended by striking out “\$820” and substituting “\$960”.**
20. **Form 13-502F3B is amended by striking out “\$600” and substituting “\$700”.**
21. **Form 13-502F3B, as amended by section 16, is amended by striking out “\$700” and substituting “\$820”.**
22. **Form 13-502F3B, as amended by section 17, is amended by striking out “\$820” and substituting “\$960”.**
23. **Form 13-502F4 is repealed and substituted by:**

**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 per section 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 exempt international firms. In these exceptional cases, this Form must be filed as soon as practicable 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 exempt international firms relying on section 8.18 [international dealer] and 8.26 [international adviser] of NI 31-103, as well as by unregistered investment fund managers.
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. Exempt international firms, unregistered investment fund managers and registrant firms that are not IIROC or MFDA members must complete Part III.
5. 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.
6. IIROC Members may refer to Statement E of the Joint Regulatory Financial Questionnaire and Report for guidance.
7. MFDA members may refer to Statement D of the MFDA Financial Questionnaire and Report for guidance.
8. 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 in the Rule as its “previous fiscal year”.
9. 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.
10. All figures must be expressed in Canadian dollars and rounded to the nearest thousand.

Rules and Policies

11. Information reported on this questionnaire must be certified by two members of senior management in Part IV to attest to its completeness and accuracy. However, it is acceptable to provide certification of this nature by only one member of senior management in cases of firms with only one officer and director.
12. There are a number of references in this form to "relevant fiscal year". The "relevant fiscal year" is generally a firm's last completed fiscal year. However, if good faith estimates for a fiscal year are provided in this Form pursuant to section 3.5 of the Rule, the relevant fiscal year is the fiscal year for which the good faith estimates are provided.

5. Participation Fee Calculation

Relevant fiscal
year
\$

Note: Dollar amounts stated in thousands, rounded to the nearest thousand.

Part I — IIROC Members

- 1. Total revenue for relevant 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 relevant 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 relevant 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 relevant 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 – Advisers, Other Dealers, and Unregistered Capital Markets Participants

Notes:

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 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.
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. Gross revenue for relevant 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 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 relevant 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

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

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

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

24. (1) ***Subject to subsections (2) and (3), this Instrument comes into force on April 5, 2010.***
- (2) ***Sections 3, 10, 13, 18 and 21 come into force on April 4, 2011.***
- (3) ***Sections 4, 11, 14, 19 and 22 come into force on April 2, 2012.***

Annex B

Blackline Version of the Proposed Amendments

This is an unofficial consolidation of Ontario Securities Commission Rule 13-502 *Fees*, with the proposed amendments in Annex A of this Notice shown by blackline and shaded grey. No part of this document represents an official statement of law. Text boxes in this Annex are provided for convenience and do not form part of the Proposed Rule. In cases where annual adjustments are proposed in Annex A to the same provision, the blackline shows the earliest annual adjustment and commentary in the text boxes indicates that further adjustments are proposed.

**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;

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

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

“NI 31-103” means National Instrument 31-103 *Registration Requirements and Exemptions*;

“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 under the Act as a dealer, adviser or investment fund manager;

“specified Ontario revenues” means, for a registrant firm or an unregistered capital markets participant, 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;

“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 and is

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

“unregistered investment fund manager” means a person or company that acts as an investment fund manager and 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 ~~\$700~~600.

Note: From April 4, 2011 to April 1, 2012, “\$700” is proposed to be read as “\$820”. After April 1, 2012, “\$700” is proposed to be read as “\$960”.

- (3) Despite subsection (1), a Class 3B reporting issuer must pay a participation fee equal to the greater of
 - (a) ~~\$700~~600, and

Note: From April 4, 2011 to April 1, 2012, “\$700” is proposed to be read as “\$820”. After April 1, 2012, “\$700” is proposed to be read as “\$960”.

- (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 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 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 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, registrant firms and unregistered exempt international firms must pay the participation fee shown in Appendix B opposite the firm's specified Ontario revenues for its previous fiscal year, as those revenues are 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~~ The participation fee ~~otherwise required from by a person or company under subsection (2) not later than~~ 90 days after the end of its fiscal year ~~is not required 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, registrant firms and unregistered exempt international firms must file a completed Form 13-502F4 showing the information required to determine the participation fee due on December 31.
 - (1.1) Despite subsection (1), if at a particular time after December 1 and in a calendar year, a firm becomes registered or provides notification that it qualifies as an unregistered exempt international firm, the completed Form 13-502F4 must be filed as soon as practicable after the particular time.
- (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 or of an unregistered exempt international firm for its previous fiscal year is calculated by multiplying
 - (a) the 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 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
 - (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 previous fiscal year by the person or company to a registrant firm described in paragraph (d).
- (4) Despite subsection (1), a registrant firm or an unregistered exempt international firm 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 or unregistered exempt international 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 firm must,

- (a) ~~on December 1 in that calendar year~~ by the time in that calendar year specified in section 3.2, 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 or unregistered exempt international 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 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 or unregistered exempt international firm paid an amount under subsection (1) that exceeds the corresponding participation fee determined without reference to this section, the 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

Note: PART 7, which contains the original historical coming-into-force provision, is not included in this Notice.

APPENDIX A — CORPORATE FINANCE PARTICIPATION FEES

Capitalization for the Previous Fiscal Year	Participation Fee
under \$25 million	<u>\$700</u> \$600
\$25 million to under \$50 million	<u>\$1,520</u> \$1,300
\$50 million to under \$100 million	<u>\$3,740</u> \$3,200
\$100 million to under \$250 million	<u>\$7,850</u> \$6,700
\$250 million to under \$500 million	<u>\$17,200</u> \$14,700
\$500 million to under \$1 billion	<u>\$24,000</u> \$20,500
\$1 billion to under \$5 billion	<u>\$34,750</u> \$29,700
\$5 billion to under \$10 billion	<u>\$44,800</u> \$38,300
\$10 billion to under \$25 billion	<u>\$52,300</u> \$44,700
\$25 billion and over	<u>\$58,850</u> \$50,300

Note: The participation fees shown are proposed to increase on April 4, 2011 and April 2, 2012.

APPENDIX B — CAPITAL MARKETS PARTICIPATION FEES

Specified Ontario Revenues for the Previous Fiscal Year	Participation Fee
under \$500,000	<u>\$870</u> \$800
\$500,000 to under \$1 million	<u>\$2,725</u> \$2,500
\$1 million to under \$3 million	<u>\$6,100</u> \$5,600
\$3 million to under \$5 million	<u>\$13,725</u> \$12,600
\$5 million to under \$10 million	<u>\$27,800</u> \$25,500
\$10 million to under \$25 million	<u>\$56,700</u> \$52,000
\$25 million to under \$50 million	<u>\$85,000</u> \$78,000
\$50 million to under \$100 million	<u>\$170,000</u> \$156,000
\$100 million to under \$200 million	<u>\$282,300</u> \$259,000
\$200 million to under \$500 million	<u>\$572,250</u> \$525,000
\$500 million to under \$1 billion	<u>\$739,000</u> \$678,000
\$1 billion to under \$2 billion	<u>\$932,000</u> \$855,000
\$2 billion and over	<u>\$1,564,000</u> \$1,435,000

Note: The participation fees shown are proposed to increase on April 4, 2011 and April 2, 2012.

APPENDIX C - ACTIVITY FEES

Document or Activity	Fee
<p>A. Prospectus Filing</p>	
<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>	<p><u>\$3,2503,000</u></p>
<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>	<p>\$2,000</p>
<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>	<p><u>\$3,2503,000</u></p>
<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>	<p>\$400</p>
<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, <u>\$3,2503,000</u> is payable for each investment fund.</i></p>	<p>The greater of</p> <p>(i) <u>\$3,2503,000</u> per prospectus, and</p> <p>(ii) <u>\$650600</u> per investment fund in a prospectus.</p>
<p>5. <u>Review 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.</u></p>	<p><u>\$3,250</u></p>

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	
1. Any application for relief, approval or recognition to which section H does not apply that is under an eligible securities section, being for the purpose of this item any provision of the Act, the Regulation or any Rule of the Commission not listed in item E(2), E(3) or E(4) below. <i>Note: The following are included in the applications that are subject to a fee under this item:</i> (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	\$3,2503,000 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: (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
<p>(vi) exemption applications under section 147 of the Act.</p>	
<p>2. An application for relief from any of the following:</p> <ul style="list-style-type: none"> (a) this Rule; (b) NI 31-102 <i>National Registration Database</i>; (c) NI 33-109 <i>Registration Information</i>; (d) section 3.11 [<i>Portfolio manager – advising representative</i>] of NI 31-103; (e) section 3.12 [<i>Portfolio manager – associate advising representative</i>] of NI 31-103; (f) section 3.13 [<i>Portfolio manager – chief compliance officer</i>] of NI 31-103; <u>(f.1) section 3.14 [<i>Investment fund manager – chief compliance officer</i>] of NI 31-103;</u> (g) section 9.1 [<i>IIROC membership for investment dealers</i>] of NI 31-103; (h) section 9.2 [<i>MFDA membership for mutual fund dealers</i>] of NI 31-103. 	<p>\$1,500</p>
<p>3. An application for relief from any of the following:</p> <ul style="list-style-type: none"> (a) section 3.3 [<i>Time limits on examination requirements</i>] of NI 31-103; (b) section 3.5 [<i>Mutual fund dealer – dealing representative</i>] of NI 31-103; (c) section 3.6 [<i>Mutual fund dealer – chief compliance officer</i>] of NI 31-103; (d) section 3.7 [<i>Scholarship plan dealer – dealing representative</i>] of NI 31-103; <u>(e) section 3.8 [<i>Scholarship plan dealer – chief compliance officer</i>] of NI 31-103.</u> <u>(f) section 3.9 [<i>Exempt market dealer – dealing representative</i>] of NI 31-103.</u> <u>(g) section 3.10 [<i>Exempt market dealer – chief compliance officer</i>] of NI 31-103.</u> 	<p>\$800</p>
<p>4. Application</p> <ul style="list-style-type: none"> (a) under clause 1(10)(b), section 30 or subsection 38(3) of the Act or subsection 1(6) of the <i>Business Corporations Act</i>; (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 	<p>Nil</p>

Document or Activity	Fee
<p>3.2 of National Policy 12-202 <i>Revocation of a Compliance-related Cease Trade Order</i>, <u>and</u></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); and</p> <p>(d) section 3.8 [Scholarship plan dealer – chief compliance officer], 3.9 [Exempt market dealer – dealing representative], 3.10 [Exempt market dealer – chief compliance officer] or 3.14 [Investment fund manager – chief compliance officer] of NI 31-103.</p>	
<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
<p>F. Pre-Filings</p> <p><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></p>	<p>The fee for each pre-filing is equal to the lesser of:</p> <p>(a) \$3,000; and</p> <p>the applicable fee that would be payable if the corresponding formal filing had proceeded at the same time as the pre-filing.</p>
<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>\$4,0003,000</p> <p>(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

Document or Activity	Fee
H. Registration-Related Activity	
1. New registration of a firm in one or more categories of registration	\$600
2. Change in registration category <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>	\$600
3. Registration of a new representative on behalf of a registrant firm <i>Notes:</i> <i>(i) Filing of a Form 33-109F4 for a permitted individual as defined in NI 33-109 does not trigger an activity fee.</i> <i>(ii) If an individual is registering as both a dealer and an adviser, the individual is required to pay only one activity fee.</i> <i>(iii) 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>	\$200 per individual
4. 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
4.1 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	<u>\$200 per individual</u> Nil
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	\$2,000
6. Application for amending terms and conditions of registration	\$500
I. Notice <u>required</u> under section 11.9 [<u>Registrant acquiring a registered firm's securities or assets</u>] or 11.10 [<u>Registered firm whose securities are acquired</u>] of NI 31-103	\$3,000

Document or Activity	Fee
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) Notice under section 11.9 [<i>Registrant acquiring a registered firm's securities or assets</i>] of NI 31-103, (e) 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; (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; (f.1) <u>Form 13-502F1</u>; (f.2) <u>Form 13-502F2</u>; (f.3) <u>Form 13-502F3A</u>; (f.4) <u>Form 13-502F3B</u>; (f.5) <u>Form 13-502F3C</u>; (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 or an unregistered capital markets participant, for all documents required to be filed by the firm 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

(From subsection 2.2(2) of the Rule)

\$600700

Late Fee, if applicable

(As determined under section 2.5 of the Rule)

Note on Form 13-502F3A: The reference to "\$700" is proposed to be read as "\$820" from April 4, 2011 to April 1, 2012 and, after April 1, 2012, as "\$960".

**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 ~~\$700~~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)

Note on Form 13-502F3B: The reference to "\$700" is proposed to be read as "\$820" from April 4, 2011 to April 1, 2012 and, after April 1, 2012, as "\$960".

**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. This form must be completed and returned to the Ontario Securities Commission by December 1 each year, as per section 3.2 of OSC Rule 13-502 Fees (the Rule), except in cases where firms register after December 1 in a calendar year or provide notification after December 1 in a calendar year of their status as exempt international firms. In these exceptional cases, this Form must be filed as soon as practicable 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 exempt international firms relying on section 8.18 [international dealer] and 8.26 [international adviser] of NI 31-103, as well as by unregistered investment fund managers.
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. ~~1~~ IIROC members must complete Part I of this Form and MFDA members must complete Part II. Unregistered capital markets participants ~~Exempt international firms, unregistered investment fund managers~~ and registrant firms that are not IIROC or MFDA members must complete Part III.
5. ~~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.
6. ~~3~~ IIROC Members may refer to Statement E of the Joint Regulatory Financial Questionnaire and Report for guidance.
7. ~~4~~ MFDA members may refer to Statement D of the MFDA Financial Questionnaire and Report for guidance.
8. ~~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 in the Rule as its "previous fiscal year".
9. ~~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.
10. ~~7~~ All figures must be expressed in Canadian dollars and rounded to the nearest thousand.
11. ~~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. However, it is acceptable to provide certification of this nature by only one member of senior management in cases of firms with only one officer and director.
12. There are a number of references in this form to "relevant fiscal year". The "relevant fiscal year" is generally a firm's last completed fiscal year. However, if good faith estimates for a fiscal year are provided in this Form pursuant to section 3.5 of the Rule, the relevant fiscal year is the fiscal year for which the good faith estimates are provided.

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.~~

Rules and Policies

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 capital markets participant.~~
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.~~

5. Participation Fee Calculation

Firm Name: _____

End date of last completed fiscal year: _____

Relevant Last
Completed
Fiscal
Year
\$

Note: Dollar amounts stated in thousands, rounded to the nearest thousand.

Part I — IIROC Members

- 1. Total revenue for ~~last completed~~ relevant 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~~ relevant 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~~ relevant 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~~ relevant 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 – Advisers, Other Dealers, and Unregistered Capital Markets Participants

Notes:

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 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.
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.

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

1. Gross revenue for last completed relevant 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 or exempt international 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 relevant 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

Where available, We have examined the attached financial statements on which the participation fee calculation is based and certify that, to the best of our knowledge, ~~they the financial statements~~ present fairly the revenues of the firm for the period ended as noted under **Financial Information** above, and that the financial statements have been _____
~~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 AND
UNREGISTERED EXEMPT INTERNATIONAL FIRMS

Firm name: _____

End date of last completed fiscal year: _____

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

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

**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*.

Annex C

**Amendments to Ontario Securities Commission
Companion Policy OSC 13-502CP Fees**

1. ***Companion Policy 13-502CP Fees is amended by this Instrument.***

2. ***Part 4 is amended by added the following:***

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.

3. ***This Instrument becomes effective on April 5, 2010.***