

Chapter 5

Rules and Policies

5.1.1 Amendments to OSC Rule 13-502 Fees

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 ***The portion of subsection 3.1(3) before paragraph (a) of that subsection is repealed and substituted by the following:***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 ***Paragraph 3.4(3)(d) is repealed and substituted by the following:***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 ***Paragraph 3.5(1)(a) is repealed and substituted by the following:***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 *Appendix A is repealed and substituted by the following:*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.
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.

1. Firm Information

Firm NRD number: _____

Firm legal name: _____

2. Contact Information for Chief Compliance Officer

Please provide the name, e-mail address, phone number and fax number for your Chief Compliance Officer.

Name: _____

E-mail address: _____

Phone: _____ Fax: _____

3. Membership Status

- The firm is a member of the Mutual Fund Dealers Association (MFDA).
- The firm is a member of the Investment Industry Regulators Organization of Canada (IIROC).
- The firm does not hold membership with the MFDA nor IIROC.

4. Financial Information

Is the firm providing a good faith estimate under section 3.5 of the Rule?

- Yes
- No

If no, end date of last completed fiscal year: / /
 yyyy mm dd

If yes, end date of fiscal year for which the good faith estimate is provided:

 / /
yyyy mm dd

Note: The fiscal year identified above is referred to below as the relevant fiscal year.

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.***