

# Chapter 5

## Rules and Policies

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### 5.1.1 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

December 20, 2012

#### Introduction

On December 18, 2012, the Ontario Securities Commission (OSC, Commission or we) made amendments to OSC Rule 13-502 *Fees* (the Final Amendments) and to Companion Policy 13-502CP *Fees* (the Final CP Changes). The Final Amendments and the Final CP Changes (collectively, the Final Materials) are largely consistent with materials published for a 90-day comment period on August 23, 2012 (the August 2012 Proposals), but as described below are responsive to a number of comments made. In this Notice, references to “existing rule” are to the Rule before taking into account the Final Amendments and references to the “Final Rule” are to the Rule as amended by the Final Amendments.

Under section 143.3 of the *Securities Act* (the Act), the Final Amendments were delivered to the Minister of Finance on December 18, 2012. If the Minister approves the Final Amendments by February 19, 2013 (or does not take an action under subsection 143.3(3) of the Act), they come into force on April 1, 2013.

Parallel changes to OSC Rule 13-503 (*Commodity Futures Act*) *Fees* and its Companion Policy have been made as necessary, and are likewise published in this Bulletin.

#### Need for Fee Increases

The current fee structure under the Act and the *Commodity Futures Act* was established in 2003. The OSC, as a self-funded agency, is dependent on fees from market participants, and strives to operate on a cost-recovery basis. Fee rates were last set in April 2010 to cover the fiscal years ending March 31, 2011, 2012 and 2013. At that time, the OSC advised market participants that, while the OSC’s fee structure is intended to recover its costs of operation, it would be drawing down its surplus in order to reduce the magnitude of fee increases during a challenging market period and that the fee rates proposed would not be sufficient to fully recover the OSC’s projected costs of regulating market participants over that period. As a result of setting the existing fees below cost recovery, the OSC is currently projecting in 2012/2013 to operate at a deficit of \$10.7 million. In 2010, market participants were advised that future increases to fee rates would need to be sufficient to fully recover the Commission’s costs of operations, and that they should anticipate future increases.

The OSC remains sensitive to current economic conditions, is committed to being efficient and is actively managing its costs. Where possible, the OSC will continue to re-allocate internal resources and staff to new areas to manage the increasing responsibilities and the associated costs. The resources needed to meet the increasing regulatory expectations facing the OSC cannot be handled by cost savings and resource re-allocation alone.

The fee increases proposed in the Final Amendments are necessary for two reasons. As noted above, additional revenues are required to address the current operating deficit and return the OSC to cost recovery. Those revenues constitute the majority of the fee increases. The fee proposal also takes into account new costs in order to meet evolving regulatory responsibilities, many of which are driven by work at the international level. To maintain competitive capital markets in Canada, the OSC must align its regulatory framework to be consistent with important global reforms and standards including G20 commitments (derivatives and systemic risk), increasingly complex international enforcement files, changing oversight responsibilities related to market infrastructure entities and new complex products.

The OSC also must continue to improve its capacity to keep up with market developments, innovation and investor concerns. The OSC needs to continue to strengthen its institutional capacity in key areas including building its derivatives capacity, integrating the new Office of the Investor, building capacity and expertise in important areas such as complex products and infrastructure oversight and expanding its research and data analysis capabilities to support a more data-based approach to issues and policy development. To meet these pressures, the fee proposal reflects budget increases of 5% annually which allow for some increase in general inflation as well as room to address these challenges and issues.

The fees set out in the Final Amendments are designed to allow the OSC to reach cost recovery by the end of fiscal 2016, in order to remain financially stable and achieve its mandate. There is a difference between the fee increases proposed for issuers and registrants in order to better align revenues generated from market participant groups with their level of participation in the Ontario capital markets.

**Adjustments to the Proposed Fee Increases**

The OSC has reflected on the comments to the proposed rule and has taken steps to respond to these concerns. We have now proposed in the Final Amendments to minimize the proposed fee increases and to respond to specific areas of concern highlighted in some comments. Participation fees associated with building a surplus have been reduced and certain market fees have been removed or capped.

The proposed percentage increases in participation fees have been reduced, relative to those set out in the in the August 2012 Proposals, from 15.55% to 11.65% for reporting issuers and from 7.9% to 4.7% for registrants. The reduction has been achieved by removing the component of the fee increases in the August 2012 Proposals that was designed to allow the OSC to build surplus to \$30 million. The decision not to build a larger surplus at this time exposes the Commission to greater liquidity risks and will necessitate greater reliance on a suitable credit facility, particularly if yearly revenues continue to decline from original forecasts. In addition, increases in related interest costs may need to be passed on through higher future fees.

The table below provides a financial forecast based on forecast OSC costs and the proposed fee changes. For the three fiscal years ending March 2016, the OSC projects revenues to recover operating costs. The proposed fee increases will allow the OSC to maintain its operating reserve of \$20 million as a contingency for revenue shortfalls or unexpected expenses.

	<b>Forecast 2012/2013</b>	<b>2013/2014</b>	<b>2014/2015</b>	<b>2015/2016</b>	<b>Three-Year Total</b>
	<b>\$ Thousands</b>				
<b>Revenues</b>					
Total Revenues	87,900	102,200	108,600	115,600	326,400
less Expenses	98,600	103,500	108,700	114,100	326,300
Net Shortfall	(10,700)	(1,300)	(100)	1,500	100

**Substance and Purpose of the Final Materials**

The Final Amendments are largely consistent with the basic framework under the existing rule. Under the existing rule and the Final Rule, participation fees are based on the cost of a broad range of regulatory services that cannot be practically or easily attributed to individual activities or entities and are intended to serve as a proxy for a market participant's use of the Ontario capital markets. Participation fee levels are set using a tiered structure. Fees for issuers are based on average market capitalization in a fiscal year. Fees for registrants are based on their annual Ontario revenues. Participation fees are set based on estimates of OSC operating costs for upcoming periods.

Two additional categories of participation fees are provided in the Final Rule, increasing the categories from two to four. Participation fees for reporting issuers continue to be referred to as corporate finance participation fees and those for registrants and certain unregistered capital markets participants continue to be referred to as capital markets participation fees. The two additional categories of participation fees comprise fees for specified regulated entities, such as exchanges, alternative trading systems (ATSS), clearing agencies and trade repositories, and for designated rating organizations.

Activity fees are generally charged where a document of a designated class is filed. Estimates of the direct cost of Commission resources used in undertaking the activities listed in Appendix C of the existing rule are considered in determining these fees (e.g., reviewing prospectuses, registration applications and applications for discretionary relief). Generally, the activity fee charged for filing a document of a particular class is based on the average cost to the Commission of reviewing documents of the class.

The Final Amendments make changes to the existing rule so that the fees charged by the Commission are aligned more closely with actual Commission costs. New activity and participation fees are imposed in areas where workload has increased and more resources are being targeted.

To allow for the greater predictability of fee revenues, the Final Amendments in respect of corporate finance and capital markets participation fees provide that the fees be determined by referencing historical market capitalization or revenue data (rather than current data). This reference point is the basis for fees for the anticipated three-year period of the Final Rule.

The Final CP Changes largely reflect the Final Amendments.

The notice containing the August 2012 Proposals summarizes the amendments that are included in the Final Materials. Changes from the August 2012 Proposals, largely in response to the comments received, are described below in this Notice.

The Commission is of the view that these changes do not require a second comment period.

### **Changes from the August 2012 Proposals**

#### *Corporate finance and capital markets participation fees*

Under the Final Amendments, participation fees are increased, over the three-year fee cycle, by 4.7% per year for registrants and by 11.65% per year for issuers. This compares with the August 2012 Proposals, which proposed increases of 7.9% per year and 15.5% per year, respectively. See further the comments above under the heading "Need for Fee Increases", Appendices A, A.1 and B of the Final Rule and Items 2 and 10 of the table in Annex A responding to the comments.

#### *Participation Fees for Specified Regulated Entities and Designated Rating Organizations*

In response to comments, some changes have been made in the design of the new participation fee for specified regulated entities under Part 3.1 of the Final Rule:

- We have modified Part 3.1 to provide Part 3.1 fee relief and a refund for ATSS trading exchange-traded securities, to the extent aggregate fees otherwise charged under Part 3 and Part 3.1 exceed the Part 3.1 fee that would have been charged had the ATS been operating as an exchange. A similar measure is provided for other ATSS. See further subsections 3.1.1(7) to (10) of the Final Rule (as well as the consequential changes to section 1.3 of the Final Rule and new Form 13-502F7) and Items 25 and 26 of the table in Annex A responding to comments.
- The "Canadian trading share" for a specified market operator, which is used in determining participation fees under new Part 3.1 of the Final Rule, is now determined as the average of three metrics rather than the greatest of those metrics. The three metrics continue to be the share of trades in exchange-traded securities measured by total dollar value, total trading volume and total number of shares. See further paragraph 3.1.1(2)(a) of the Final Rule and Item 27 of the table in Annex A responding to comments.
- The Part 3.1 fee for ATSS trading unlisted debt has been reduced from \$17,000 per year to \$8,750 per year. See further row C2 of Appendix B.1 of the Final Rule and Item 26 of the table in Annex A responding to comments.
- The Part 3.1 participation fee for exempt exchanges and exempt clearing agencies has been reduced from \$15,000 to \$10,000. See further rows B1 and E1 of Appendix B.1 of the Final Rule and Item 26 of the table in Annex A responding to comments.

#### *Activity fees*

In response to comments, the proposed variable cost-based activity fee applying in special circumstances has been removed from the Final Rule. See further Item 24 of the table in Annex A responding to comments.

#### *Final CP Changes*

In response to comments, we have removed the proposed guidance in section 4.1 of the CP in the August 2012 Proposals, which indicated that participation fees should be paid and borne by registrants. See further Item 34 of the table in Annex A responding to comments.

In response to comments, we have also removed language from section 4.4 of the CP suggesting that unregistered investment fund managers are limited to paper-based filings. See further Item 36 of the table in Annex A responding to comments.

Given the changes described in the Final Amendments, it is no longer necessary to include guidance with regard to the previously-proposed variable cost-based activity fee. However, additional guidance is provided in new subsection 2.3(2.1) and section 5.2 of the CP with regard to subsections 3.1.1(7) to (10) of the Final Rule.

#### *Additional minor technical changes*

The Final Materials also reflect a number of minor technical changes/corrections.

## Comments received

We have received comments from the 16 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 Annex A to this Notice. Copies of the comments letters are available on the Commission's website at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

- Perimeter Market Inc. (letter dated November 15, 2012)
- Omgeo Canada Matching Ltd. (letter dated November 19, 2012)
- IGM Financial Inc. (letter dated November 20, 2012)
- Prospectors & Developers Association of Canada (letter dated November 20, 2012)
- Borden Ladner Gervais LLP (letter dated November 21, 2012)
- CHI-X Canada ATS Limited (letter dated November 21, 2012)
- CNSX Markets Inc. (letter dated November 21, 2012)
- Cormark Securities Inc. (letter dated November 21, 2012)
- ICE Futures Canada Inc. (letter dated November 21, 2012)
- The Investment Funds Institute of Canada (letter dated November 21, 2012)
- Stikeman Elliott LLP (letter dated November 21, 2012)
- TMX Group Ltd (letter dated November 21, 2012)
- Blake Cassels & Graydon LLP (letter dated November 22, 2012)
- Liquidnet Canada Inc. (letter dated November 23, 2012)
- Raymond James Ltd. (letter dated November 23, 2012)
- Investment Industry Association of Canada (letter dated November 26, 2012)

## Final Materials

The Final Amendments are set out in Annex B, accompanied by a blackline in Annex C showing how the Final Amendments change the consolidated text of the existing rule. The Final CP Changes are set out in Annex D.

## Questions

Please refer your questions to:

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**Annex A  
Response to Comments**

Item	Issue	Commission's Response
1	The mutual fund 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. Taking into account changes made to the August 2012 Proposals, the average increases proposed for issuers are more than double those for registrants. The increases to fees for issuers required to completely address this issue at this time would not be feasible. However, the OSC remains committed to resolving this issue as soon as practicable.
2	The OSC should maintain fees at current levels and use the surplus and our reserve if necessary to fund deficits.	<p>The OSC has considered industry comments that the proposed fee increases should not include an element designed to build the OSC's accumulated surplus. As a result, the OSC has reduced the proposed fee increases from 15.55% to 11.65% for issuers and from 7.9% to 4.7% for registrants.</p> <p>The OSC continues to believe that building an adequate reserve is financially prudent given market uncertainty and the potential for negative revenue impacts going forward. Current year revenues are down materially from the forecasts used when the August 2012 Proposals were published and the OSC is projecting a larger operating shortfall in 2012/2013.</p> <p>A decision to not build a larger reserve will result in greater reliance on a credit facility, especially if financial performance continues its recent declines. Related interest costs incurred will need to be borne by industry participants through the fees they pay. Although we currently operate in a low interest rate environment, should interest rates increase in a material way, this approach would result in a meaningful increase in interest costs which would need to be passed on through higher future fees.</p>
3	The OSC should adopt a two-year fee cycle beginning April 2013.	There is significant development time and internal approval processes involved to completing amendments to the fee rules. In addition, the public consultation required under our rule process generally requires a minimum of 90 days for comment and a minimum of a further 75 days before final rule amendments may come into force once they are delivered to the Minister of Finance for review. The OSC does not support moving to a two year process as the potential benefits of a more frequent renewal process do not appear to support the amount of additional time and effort involved, which would require us to reallocate resources from our strategic priorities.
4	Some commenters opposed fees being based for the next 3 years on historical data for a static fiscal year (generally, the last fiscal year ending before May 1, 2012).	<p>The OSC understands that a fixed historical reference year may result in participants paying fees based on market revenues or capitalization levels that are different (higher or lower) than the most recent year. The OSC also agrees that changes could occur in the relative performance between market participants that would otherwise affect their individual fees and that some of the proposed approaches could result in a closer link between individual participant performance and fees paid. However, the OSC does not believe that any of the approaches proposed would significantly improve fairness among market participants.</p> <p>The OSC needs to recover its costs through fees. Under the proposed approach, each market participant will pay their share of OSC costs based on their relative size. While the OSC does not believe that changes to the position of individual market participants (in relative terms) would result in material changes to their share of the fees, allowing the reference year to change each year would expose the OSC to revenue losses if markets were to deteriorate.</p>

Item	Issue	Commission's Response
		<p>By setting the reference year based on historical data, the OSC will maintain its revenue base and the relative share of fees paid by each participant across the expected term of the Final Amendments. On balance, the OSC believes that the overall benefit achieved in the predictability of its revenues through using a fixed reference year significantly outweighs the sum of the impacts on individual entities.</p>
5	<p>Some commenters advocated the use of a rolling average, instead of a fixed reference year, in connection with the calculation of corporate finance and capital markets participation fees.</p>	<p>While the use of a rolling average approach would smooth performance and potentially provide a closer link to recent performance and the amount of fees paid, it would be inconsistent with the OSC's goal to have more predictable revenues. The OSC believes that the benefits to be achieved in improving OSC revenue predictability in total, more than offset any potential, negative impacts on individual market participants. Further, we believe that moving to a "rolling average" approach would substantially complicate the Rule and create difficulties in compliance.</p>
6	<p>One commenter suggested that there should be more graduated tiers of specified Ontario revenues, for the purposes of determining capital markets participation fees.</p>	<p>The goal of the fee model is to provide a clear and streamlined fee structure that reflects the OSC's cost of providing services. While a fee schedule with more graduated tiers would avoid more significant increases as participants move between tiers, the model is designed to minimize volatility in the OSC's revenue due to changes in market levels 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.</p> <p>The OSC will look at whether there are opportunities to improve the tier structure. In the interim, the proposed change to a fixed reference year will generally result in no changes between tiers for the next three years.</p>
7	<p>One commenter suggested the elimination of capital markets participation fees if specified Ontario revenues were under \$1.</p>	<p>This is a comment on an existing rule, rather than a comment relating to fee rule changes. We do not agree with the comment.</p> <p>Registered firms and unregistered capital markets participants are governed by the OSC and subject to OSC oversight regardless of whether or not they have earned any specified Ontario revenues. Therefore, we believe it is appropriate for these firms to pay a capital markets participation fee.</p>
8	<p>One commenter opposed changes to the determination of late fees in connection with late fees for Form 45-501F1 and 45-106F1.</p>	<p>Late fees should be imposed to reflect the consequences of late filings of documents such as Forms 45-501F1 and 45-106F1.</p> <p>The OSC does not believe that a change from the August 2012 Proposals is advisable to late fees as they are only incurred by those participants who do not meet filing deadlines which are under their control.</p>
9	<p>A number of commenters have raised questions about the level of OSC accountability and have suggested that increased transparency and control over its operations is required.</p>	<p>The OSC is a public entity that operates within a comprehensive and robust accountability framework. It is accountable to the Minister of Finance and the Ontario Legislature. In addition, it is subject to review by the Ontario Legislature's <i>Standing Committee on Government Agencies</i>, which has a dual mandate to review intended government appointments, and review and report to the legislature its observations, opinions and recommendations on the operations of all agencies, boards and commissions established by the Government in Ontario.</p> <p>This accountability framework is based on transparency and public input. For example, the OSC annually publishes its Statement of Priorities for public comment. This document is finalized by June of each year and provides details on the initiatives and the budget for the upcoming fiscal year.</p> <p>A report card on the OSC's performance against its Statement of Priorities is also published each year. The OSC publishes an Annual Report that sets out its key achievements and which includes a Management Discussion and Analysis that provides detailed explanations of expenditures and variances against plan. The Annual Report also includes an independent audit report</p>

Item	Issue	Commission's Response
		<p>from the Office of the Auditor General of Ontario with regard to the OSC's financial statements.</p> <p>The OSC has entered into a Memorandum of Understanding with the Minister of Finance that sets out specific responsibilities to provide to the Minister business plans, operational budgets and plans for proposed significant changes in the operations or activities of the Commission. In addition, the OSC holds monthly work-in-progress meetings with Ministry staff to communicate issues and discuss planned activities.</p> <p>The OSC gains insight into industry issues and concerns through a number of industry-based committees that are primarily comprised of market participants. These committees have proved very useful as a means to obtain input and improve transparency and two-way communications on issues.</p> <p>The OSC is of the view that the existing accountability framework addresses the issues raised by the commenters in this area.</p>
10	<p>A number of commenters were critical of the magnitude of the increases proposed.</p>	<p>The OSC is sensitive to the difficulties that industry participants are facing due to challenging market conditions. 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.</p> <p>The OSC has considered industry concerns about the magnitude of the proposed increases as well as comments that the proposed fee increases should not include an element designed to build the OSC's accumulated surplus. In response to these comments and concerns, we are proposing to reduce the proposed percentage increases in participation fees, relative to those set out in the in the August 2012 Proposals, from 15.55% to 11.65% for reporting issuers and from 7.9% to 4.7% for registrants. The reduction has been achieved by removing the component of the fee increases in the August 2012 Proposals that was designed to allow the OSC to build surplus to \$30 million. The decision not to build a larger reserve at this time exposes the Commission to greater liquidity risks and will necessitate a reliance on a suitable credit facility, particularly if yearly revenues continue to decline from original forecasts. In addition, increases in related interest costs may need to be passed on through higher future fees.</p>
11	<p>One commenter suggested that the OSC needs to review changes in market composition with a view to better align the fees charged to the sectors creating the work.</p>	<p>The OSC agrees that changes in market composition warrant ongoing review and potentially further revision to its fee model. As a first step, the Final Amendments reflect a new fee for exchanges, ATs and other market participants not paying fees under the existing rule. The OSC will continue to review the markets as they evolve with an eye to identifying any other opportunities to better align its future fee proposals with the markets it regulates.</p>
12	<p>One commenter suggested the accelerated payment of participation fees, or a discount for early payment, as a means to minimize cash-flow difficulties for the OSC.</p>	<p>The OSC has considered options such as a discount for early payment as these would assist with the timing of payments and help to address the OSC's cash flow issues. However, because the OSC needs to recover all of its costs through fees, in order to implement such an approach, the OSC would need to increase the rate of fee increases overall to recover sufficient additional revenues to offset all revenues that would be lost to provide the discounts.</p> <p>The OSC will examine options to implement "accelerated" payment or other approaches to improve its cash flow in the context of future fee amendments.</p>

Item	Issue	Commission's Response
13	One commenter expressed support for the provision in the definition of "unregistered investment fund manager" which exempts participation fees on the basis of no active solicitation in Ontario.	We appreciate the commenter's support.
14	One commenter took the position that the exemption from the payment of participation fees for unregistered investment fund managers could be refined further, in order to provide partial exemptions in appropriate cases.	<p>Participation fees are generally determined on an entity-by-entity basis, with the Ontario nexus for the capital markets participation fee being achieved because of the application of the "Ontario percentage" to revenues. The exemption from the payment of participation fees for unregistered investment fund managers was likewise intended to be a simple mechanism applied on an entity-by-entity basis, rather than trying to stream the manager's income between "Ontario" and "non-Ontario income".</p> <p>We do not propose to refine the exemption for unregistered investment fund managers.</p>
15	One commenter requested confirmation that registrants who have already paid a fee for registration in one category will not be charged fees for registration in a second category.	The terms of Items H.1, H.2 and H.3 of Appendix C of the existing rule set out circumstances in which one or multiple fees are payable.
16	Three commenters opposed the elimination of the exemption for payment of the \$500 fee, in connection with the filing of Forms 45-501F1 and 45-106F1 by issuers subject to participation fees and by investment funds with managers subject to participation fees.	The activity fees in connection with the filing of Forms 45-501F1 and 45-106F1 by issuers subject to participation fees and by investments funds with managers subject to participation fees are estimates of the average cost to the OSC of reviewing these documents.
17	One commenter opposed the application of the \$1,000 fee for an application to cease to be a reporting issuer, where the application falls under the "simplified procedure" under OSC Staff Notice 12-703 or CSA Staff notice 12-307.	The proposed \$1,000 fee reflects the average costs to the OSC of reviewing these applications under the simplified and modified application procedures.
18	One commenter suggested the imposition of an activity fee to be paid for strategic applications to Staff by a party in the course of a takeover bid or proxy contest under subsection 104(1) or section 127 of the Act, for example to defeat a poison pill defence.	The OSC does not propose to charge fees for applications under subsection 104(1) or section 127 of the Act.
19	One commenter suggested that information requests should remain based on a fixed fee. If the OSC moves to a time based approach, it should set a minimum fee with a notice requirement in the event that fees to be incurred	The goal of the move towards a time based approach to fees for information requests is to apply a more reasonable fee structure to these requests based on the actual time required to fulfill the requests. The flat fee may not be affordable to non-corporate clients and may not be reflective of the time required to respond to simpler requests for copies of OSC records. The proposed fee structure is based on the <i>Freedom of Information and Protection of Privacy Act</i> , R.R.O. 1990, Regulation 460 which contains a fee



Item	Issue	Commission's Response
	will surpass the minimum set fee.	model currently in place for access to Ontario government records. This time based approach to fees is considered fairer than the flat fee model for clients requesting copies of OSC records.
20	One commenter noted that cross-reference corrections should be made in E(1) of Appendix C of the Rule to reflect changes in organization of the Rule.	These corrections are reflected in the Final Rule.
21	One commenter suggested that less incremental time/cost should be required to review each additional fund in a single prospectus containing multiple funds, than it would to review individual separate prospectuses for each fund. Accordingly, the associated activity fee schedule for reviewing those additional funds in that same prospectus should decrease after a certain number of funds (e.g., 15 funds), to reflect that lower incremental review cost.	Generally, simplified prospectuses can cover a significant number of mutual funds. Note that the activity fees applicable to prospectuses filed in Form 81-101F1 and Form 81-101F2 (i.e. Simplified Prospectus and AIF) have not been changed. The scope of our review of mutual funds does not decrease incrementally based on the number of mutual funds in a prospectus.
22	One commenter suggested consideration should be given to reducing fees for corporate finance participants who are reporting issuers in another Canadian province where the securities regulator in that province acts as the principal regulator of the participant.	<p>This is a comment on the existing rule, rather than a comment relating to fee rule changes. We do not agree with the comment.</p> <p>Participation fees are designed to cover the OSC's costs not easily attributable to specific regulatory activities. Reporting issuer participation fees are based on the issuer's capitalization which is used to approximate its proportionate participation in the Ontario capital markets. Participation fees are applied to the costs to the OSC of regulating the ongoing participation in Ontario's capital markets.</p>
23	One commenter suggested that the OSC should try to collect more revenue through activity fees.	A fundamental principle of the OSC fee model is basing activity fees on average costs of specific underlying work. While we continue to review the level of activity fees and consider additional activity fees when practical, we do not foresee that it would be possible to impose substantially higher level of activity fees as a means of meeting our funding challenges.
24	<p>Five commenters expressed concerns about the introduction by the OSC of a variable cost-based activity fee for work done by its staff on non-routine, novel or complex regulatory filings whose cost exceeds \$300,000. They raised the following issues:</p> <ul style="list-style-type: none"> <li>- the OSC does not have adequate policies and procedures to track and control costs which could result in a filer having to pay a substantial fee well after it filed the application;</li> <li>- there are no provisions to allow an applicant to withdraw its application at any time due to the high cost of review;</li> <li>- the final variable cost is only subject to an informal review by</li> </ul>	<p>We acknowledge the commenters' concerns and have decided not to proceed with the variable activity fee at this time. As a result of the comments received, we have determined that further refinement is necessary.</p> <p>It is important to move forward with the fixed part of the fee in order to recover some of the costs of the work related to these types of activities - but at this time, we are removing the variable fee and the discretion of the Director and may reconsider the model in the future.</p>

Item	Issue	Commission's Response
	<p>the Director or the Commission and does not provide the applicant the opportunity to be heard by either the Director or the Commission;</p> <p>- while there is a difference between the flat activity fee applicable to applications by exchanges and ATSS, there is no difference in the threshold for the imposition of the variable activity fee.</p>	
25	<p>Three commenters raised issues related to the treatment of ATSS under the Act. The commenters noted that ATS are required to register as investment dealers under NI 21-101. As a result, they are currently subject to Part 3 Capital Markets Participation Fees and, going forward, will also be subject to Part 3.1 Specified Regulated Entities Fee. One commenter recommended that ATSS should be exempt from the Part 3 Capital Markets Participation Fees, whereas the other noted that ATSS should only be subject to one of the two fees.</p>	<p>While we acknowledge the commenters' concerns related to multiple participation fees paid by ATSS, in our view, it is appropriate for the two sets of fees to remain. However, in response to the comments received we examined the fees proposed and further considered the aggregate participation fees charged to ATSS and those charged to exchanges.</p> <p>As a result, the Final Amendments align the participation fees charged to ATSS to those charged to exchanges. The Final Amendments generally provide Part 3.1 fee relief and a refund for ATSS for exchange-traded securities, to the extent that the aggregate fees otherwise charged under Parts 3 and 3.1 to the ATS are greater than the fee that would be charged under Part 3.1 if the ATS had operated as an exchange at the relevant market share level.</p> <p>The treatment of ATSS for unlisted debt or securities lending is dealt with in Item 26.</p>
26	<p>One commenter mentioned that the participation fee proposed for debt ATSS under Part 3.1 of the Rule is similar to the fee proposed for equity ATSS under the same Part. The commenter noted that debt ATSS operate only in the fixed income space which requires significantly less regulatory oversight than equity ATSS, therefore the participation fee should reflect this reality.</p>	<p>In the Final Amendments, we have adjusted the participation fee for ATSS for unlisted debt and securities lending.</p> <p>The Final Amendments generally provide Part 3.1 fee relief and a refund for these ATSS to the extent that the aggregate fees otherwise charged under Parts 3 and 3.1 to the ATS are greater than \$30,000.</p>
27	<p>One commenter proposed that market share be determined as the average of the market share of volume, value and number of trades rather than the greatest of the three metrics.</p>	<p>The Final Amendments use the average of the three metrics, as suggested by the commenter.</p>
28	<p>One commenter took the position that the proposed participation fees for exempt exchanges and clearing houses were excessive compared to other regulators. In addition, the commenter noted that exempt exchanges and clearing houses have different sizes, product offerings, varied risk parameters etc. and therefore the participation fees charged</p>	<p>While the level of oversight of exempt entities is different than the oversight undertaken for recognized entities, there are oversight activities that do occur and therefore, a fee is appropriate. In setting the fees for exempt entities we considered both the amount of oversight work undertaken by OSC staff and fees charged by other jurisdictions for similar activities.</p> <p>In response to the concerns raised, in the Final Amendments the Part 3.1 fee has been reduced from \$15,000 to \$10,000.</p>

Item	Issue	Commission's Response
	should reflect these differences.	
29	Two commenters suggested that having two different times for payments of capital markets participation fees in s.3.1(1) and (2) is confusing, and potentially problematic (i.e., double charge of capital markets participation fees) if the same firm is an unregistered exempt international firm and an unregistered investment fund manager.	<p>This is a comment on the existing rule, rather than a comment relating to fee rule changes. The administrative practice is that only one fee is charged in the case described.</p> <p>The OSC believes that the current payment system is effective. No changes will be made at this time. The OSC will consider in future aligning the timing for payment of these capital markets participation fees.</p>
30	One commenter took the position that the participation fee, in so far as it is imposed on unregistered exempt international firms, is a tax rather than a user fee that the OSC has authority to impose.	<p>This is a comment on the existing rule, rather than a comment relating to fee rule changes.</p> <p>We agree that the OSC does not have the authority to impose a tax, but we believe that the participation fee for unregistered exempt international firms can be appropriately characterized as a user fee.</p> <p>Unregistered exempt international firms are governed by the OSC in so far as they are required to comply with the conditions of the exemptions in Parts 8.18 and 8.26 of NI 31-103. These include certain requirements related to:</p> <ul style="list-style-type: none"> <li>• types of activities that may be conducted in Canada under the exemptions</li> <li>• types of securities that may be traded (International Dealers)</li> <li>• types of clients for whom the firms may act in Canada under the exemptions</li> <li>• restrictions on revenues that can be earned from portfolio management activities in Canada (International Advisers)</li> <li>• registrations or exemptions from registration required in the jurisdiction of a firm's principal place of business or head office</li> <li>• engaging in business as a dealer or adviser in the jurisdiction of a firm's principal place of business or head office</li> <li>• filings with the regulator (Form 31-103F2 <i>Submission to Jurisdiction and Appointment of Agent for Service</i>)</li> <li>• notifications to clients</li> </ul> <p>They benefit from OSC oversight in that clients of the firm have greater protection, and thus may have greater confidence in the firm because of OSC oversight, in addition to the oversight provided by other regulatory authorities.</p>
31	One commenter opposed the adjustments to the calculation of the corporate finance participation fee in the case of an issuer that became a reporting issuer.	The adjustment was made because we think that capitalization determined after an initial public offering with reference to market value of an issuer's shares after that time properly reflects the issuer's capitalization.
32	Two commenters took the position that, in determining capital markets participation fees, the expression "capital markets activities" does not refer to world-wide activities.	<p>This is a comment on the existing rule, rather than a comment relating to fee rule changes. We do not agree with the comment.</p> <p>The policy underlying the existing rule is that capital markets participation fees are determined with reference to specified Ontario revenues. The limitation to Ontario revenues is generally achieved by applying the "Ontario percentage" to world-wide revenues.</p>

Item	Issue	Commission's Response
		<p>The position that the expression "capital markets activities" only refers to Ontario activities is not consistent with the scheme of the existing rule. The intention is that the same activity performed within and outside Ontario not be split up for the purposes of that expression.</p>
33	<p>One commenter took the position that a registrant with a December 31 fiscal year should (without reference to the new measures with regard to "reference fiscal years") pay the capital markets participation fee based on revenues from the preceding fiscal year.</p>	<p>This is a comment on the existing rule, rather than a comment relating to fee rule changes. We do not agree with the comment.</p> <p>If a fiscal year ends on December 31, under the existing rule there must be a good-faith estimate of revenues for that fiscal year (as per s.3.5(1)(a) of the existing rule), followed by payment of the estimate on December 31 (as per s.3.1(1) and s.3.5(1) of the existing rule)), with a subsequent adjustment if necessary to reflect the accounting statements for that fiscal year.</p> <p>The wording of the definition of "previous fiscal year" is consistent with this policy and the change suggested by the commenter would, for example, cause substantial differences in the treatment of December 30 and December 31 year ends.</p>
34	<p>The provision in section 4.1 of the CP providing that participation fees should be paid and borne by registrants is unfair and is inconsistent with past policy and practice of the OSC which has permitted fund managers to charge capital markets participation fees to the applicable fund. This is an administrative cost and should appropriately be treated as a fund expense. To do otherwise would impose higher costs on the industry.</p>	<p>We have removed this proposed guidance from the Final CP Changes. The charging of expenses and the allocation of expenses to funds can raise potential conflict of interest issues. Investment fund managers should ensure that they consider and adequately address conflicts associated with any allocation of capital markets participation fees, including review by a fund's independent review committee.</p>
35	<p>Two commenters noted that some of the text in the August 2012 Proposals was not accurate in so far as unregistered investment fund managers (as defined) are also charged participation fees under the existing rule.</p>	<p>We agree with this comment.</p> <p>In the Final CP Changes, the required technical correction has been made in section 4.1 of the CP.</p>
36	<p>One commenter questioned why unregistered investment fund managers are limited to paper-based filings.</p>	<p>We agree that there is no good reason for this restriction. The Final CP Changes amend section 4.4 of the CP to remove it.</p>

**ANNEX B**

**Amendments to  
OSC Rule 13-502 Fees**

1. **National Instrument 13-502 Fees is amended by this Instrument.**

2. **Section 1.1 is amended by**

(a) **replacing the definition of “NI 31-103” with the following:**

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

(b) **adding the following definition:**

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

(a) the participant’s last fiscal year ending before May 1, 2012, if

(i) the participant was a reporting issuer, registrant firm or unregistered capital markets participant at the end of the fiscal year, and

(ii) if the participant became a reporting issuer in that fiscal year under clause (b) of the definition of “reporting issuer” in subsection 1(1) of the Act, all or substantially all of its securities were listed or quoted on a marketplace at the end of that fiscal year, and

(b) in any other case, the previous fiscal year in respect of the participation fee;; **and**

(c) **replacing the definition of “unregistered fund manager” with the following:**

“unregistered investment fund manager” means a person or company that acts as an investment fund manager for one or more investment funds and is not registered as an investment fund manager in accordance with Ontario securities law, but does not include a person or company that does not have a place of business in Ontario if one or more of the following apply:

(a) none of those investment funds have security holders resident in Ontario;

(b) the person or company and those investment funds have not, at any time after September 27, 2012, actively solicited residents in Ontario to purchase securities of any of those investment funds.

3. **Part 1 is further amended by adding the following:**

1.3 **Liability for multiple participation fees** – For greater certainty, except as expressly provided in Part 3.1, the liability of a person or company for a payment under any of Parts 2 to 3.1 of this Rule does not affect the liability of that person or company under any other of those Parts.

4. **Subsection 2.2(1) is replaced by the following:**

(1) A reporting issuer must, after each of its fiscal years, pay the participation fee shown in Appendix A opposite the capitalization of the reporting issuer for its reference fiscal year, as its capitalization is determined under section 2.7, 2.8 or 2.10.

5. **Subsection 2.2(2) is amended by replacing “\$960” with “\$1,070”.**

6. **Subsection 2.2(2), as amended by section 5, is amended by replacing “\$1,070” with “\$1,195”.**

**7. Subsection 2.2(3) is replaced by the following:**

- (3) Despite subsection (1), a Class 3B reporting issuer must pay the participation fee shown in Appendix A.1 opposite the capitalization of the reporting issuer for its reference fiscal year, as its capitalization is determined under section 2.9.
- (3.1) Despite subsections (1) and (3), the participation fee of a reporting issuer must, if its capitalization for its reference fiscal period is affected by the application of subsection 2.7(2) or 2.9(2) and its reference fiscal period coincides with its previous fiscal year in respect of the participation fee, be calculated by multiplying
  - (a) the amount of that participation fee determined without reference to this subsection, by
  - (b) the number of entire months in the previous fiscal year remaining after it became a reporting issuer divided by the lesser of
    - (i) 12, and
    - (ii) the number of entire months in the previous fiscal year.

**8. (1) The portion of section 2.6 before paragraph 2.6(1)(a) is replaced by the following:**

**2.6 Participation Fee Exemptions 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 reference fiscal year if

**(2) Paragraphs 2.6(1)(a) to (e) and subsection 2.6(2) are amended by replacing "previous fiscal year", wherever it occurs, with "reference fiscal year".**

**9. Subsection 2.6.1(1) is amended by replacing "section 2.3," with "section 2.3 and the issuer's reference fiscal year coincides with its previous fiscal year".**

**10. Section 2.7 is replaced by the following:**

**2.7 Class 1 reporting issuers**

- (1) The capitalization of a Class 1 reporting issuer for its reference fiscal year is the total of
  - (a) the average market value over the reference 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 reference fiscal year, by
    - (ii) except as provided by subsection (2), the simple average of the closing prices of the class or series on the last trading day of each month of the reference 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 reference fiscal year, or
      - (B) if the class or series was not traded in the reference 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 reference fiscal year, and
  - (b) the market value at the end of the reference fiscal year, as determined by the reporting issuer in good faith, of each class or series of securities of the reporting issuer not valued on the last trading day of any month 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) If a person or company becomes a reporting issuer under clause (b) of the definition of “reporting issuer” in subsection 1(1) of the Act in its reference fiscal year, the reference in subparagraph (1)(a)(ii) to “each month” does not include each month ending before securities of the person or company were listed or quoted on a marketplace.

**11. Subsections 2.8(1) and (3) are amended by replacing “previous fiscal year”, wherever it occurs, with “reference fiscal year”.**

**12. Section 2.9 is replaced by the following:**

**2.9 Class 3B reporting issuers**

- (1) The capitalization of a Class 3B reporting issuer for its reference 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 reference fiscal year, by
  - (b) except as provided by subsection (2), the simple average of the closing prices of the class or series on the last trading day of each month of the reference 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 reference fiscal year.
- (2) If a person or company becomes a reporting issuer under clause (b) of the definition of “reporting issuer” in subsection 1(1) of the Act in its reference fiscal year, the reference in paragraph (1)(b) to “each month” does not include each month ending before securities of the person or company were listed or quoted on a marketplace.

**13. Subsections 3.1(1) and (2) are replaced by the following:**

**3.1 Participation Fee**

- (1) On December 31 of each calendar year, 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 reference 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 each of its fiscal years, 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 its reference fiscal year, as those revenues are calculated under section 3.4.

**14. Sections 3.3 and 3.4 are amended by replacing “previous fiscal year”, wherever it occurs, with “reference fiscal year”.**

**15. The portion of subsection 3.5(1) before paragraph 3.5(1)(b) is replaced by the following:**

**3.5 Estimating Specified Ontario Revenues for Late Fiscal Year End**

- (1) If the reference fiscal year of a registrant firm or unregistered exempt international firm in respect of a participation fee under subsection 3.1(1) coincides with the previous fiscal year in respect of the participation fee and the annual financial statements of the 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 or before December 1 in that calendar year, file a completed Form 13-502F4 showing a good faith estimate of the information required to calculate its specified Ontario revenues as at the end of the fiscal year, and

16. *The following Parts are added:*

**PART 3.1 – PARTICIPATION FEES FOR SPECIFIED REGULATED ENTITIES**

**3.1.1 Payment of Participation Fee**

- (1) Each specified market operator must pay annually the participation fee specified in Column C of Appendix B.1 for each specified period except that, if there is a group of specified market operators each of which is related to each other, the obligation under this Part and Appendix B.1 must be determined as if the group were a single entity in which case each specified market operator in the group is jointly and severally liable in respect of the obligation.
- (2) For the purposes of subsection (1) and Appendix B.1,
  - (a) “Canadian trading share” for a specified period is the average of:
    - (i) the share in the specified period of the total dollar values of trades of exchange-traded securities;
    - (ii) the share in the specified period of the total trading volume of exchange-traded securities; and
    - (iii) the share in the specified period of the total number of trades of exchange-traded securities;
  - (b) a “specified market operator” is a person or company that, on April 15 of the calendar year in which the payment under subsection (1) is required,
    - (i) is recognized under the Act as an exchange,
    - (ii) operates a market or facility recognized under the Act as an exchange or, pursuant to a recognition order under the Act, a market or facility similar to a market, or
    - (iii) has one or more subsidiaries that are recognized exchanges under the Act; and
  - (c) a “specified period” in respect of a payment required to be made under this section by April 30 of a calendar year, is the period beginning on April 1 of the previous calendar year and ending on March 31 of the calendar year.
- (3) Each person or company described in section B, C, E or F in Column B, of Appendix B.1 must pay annually the participation fee specified for the person or company in Column C of Appendix B.1.
- (4) Each clearing agency recognized under section 21.2 of the Act must pay annually the total fee determined by aggregating the fees in Column C for the services in rows D3 to D8 that are provided by it.
- (5) Each payment described in subsection (1), (3) or (4) must be made no later than April 30 of each calendar year and be accompanied by a completed Form 13-502F7.
- (6) With regard to persons or companies described in any of rows B1, C1, C2, C3, D1, E1 or F1 of Appendix B.1, subsections (3) and (4) do not apply for a calendar year unless the person or company is so described on April 15 of that calendar year and carries on business in Ontario at that time.
- (7) Subsection (8), (9) or (10) applies to a person or company for a calendar year only if all or substantially all of the gross revenues of the person or company in the calendar year attributable to capital markets activities derive from the operation of an alternative trading system.
- (8) Despite subsection (3) and Appendix B.1, if a person or company is described in row C1 of Appendix B.1 and the sum of \$17,000 and the amount paid by the person or company under Part 3 on December 31 of the preceding calendar year exceeds the amount that would be payable under subsection (1) on April 30 of the calendar year if the person or company were a specified market operator,
  - (a) the excess shall first be applied to reduce the \$17,000 amount otherwise payable under this Part by the person or company for the calendar year, and



- (b) any unapplied part of the excess shall be refunded to the person or company not later than June 1 of the calendar year.
- (9) Despite subsection (3) and Appendix B.1, if a person or company is described in row C2 of Appendix B.1 and the sum of \$8,750 and the amount paid by a person or company under Part 3 on December 31 of the preceding calendar year exceeds \$30,000
  - (a) the excess shall first be applied to reduce the \$8,750 amount otherwise payable under this Part by the person or company for the calendar year, and
  - (b) any unapplied part of the excess shall be refunded to the person or company not later than June 1 of the calendar year.
- (10) Despite subsection (3) and Appendix B.1, if a person or company is described in row C3 of Appendix B.1
  - (a) if the person or company operates an alternative trading system for exchange-traded securities, subsection (8) applies; and
  - (b) in any other case, subsection (9) applies as if the reference in that subsection to “\$8,750” were read as “\$17,000”.

### 3.1.2 Late fee

- (1) A person or company that is late 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 person or company is deemed to be nil if the amount otherwise determined under subsection (1) in respect of the late payment of the participation fee is less than \$10.

## PART 3.2 – PARTICIPATION FEES FOR DESIGNATED RATING ORGANIZATIONS

### 3.2.1 Payment of Participation Fee

- (1) Each designated rating organization must pay a participation fee of \$15,000 after the completion of each financial year.
- (2) The payment must be made no later than the earlier of:
  - (a) the time at which the designated rating organization files a completed Form 25-101FI *Designated Rating Organization Application and Annual Filing* in respect of the financial year, and
  - (b) the time at which the designated rating organization is required by National Instrument 25-101 *Designated Rating Organizations* to file a completed Form 25-101F1 *Designated Rating Organization Application and Annual Filing* in respect of the financial year.
- (3) The payment must be accompanied by a completed Form 13-502F8.

### 3.2.2 Late fee

- (1) A designated rating organization that is late 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 designated rating organization is deemed to be nil if the amount otherwise determined under subsection (1) in respect of the late payment of the participation fee is less than \$10.

17. *The portion of Part 4 before section 4.2 is replaced by the following:*

**PART 4 – ACTIVITY FEES**

**4.1 Activity Fees – General** – 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.

**4.1.1 Information Request** – Section 4.1 does not apply with regard to requests to the Commission under section K of Appendix C but the Commission must only fulfill a request under that section upon full payment of the applicable fee.

18. *Subsection 4.3(1) is amended by replacing “item A” with “item A or A.1”.*

19. *Appendix A is replaced by the following:*

**APPENDIX A –  
CORPORATE FINANCE PARTICIPATION FEES  
(OTHER THAN CLASS 3A AND CLASS 3B ISSUERS)**

<b>Capitalization for the Reference Fiscal Year</b>	<b>Participation Fee</b>
under \$10 million	\$800
\$10 million to under \$25 million	\$960
\$25 million to under \$50 million	\$2,320
\$50 million to under \$100 million	\$5,725
\$100 million to under \$250 million	\$11,950
\$250 million to under \$500 million	\$26,300
\$500 million to under \$1 billion	\$36,675
\$1 billion to under \$5 billion	\$53,145
\$5 billion to under \$10 billion	\$68,450
\$10 billion to under \$25 billion	\$79,950
\$25 billion and over	\$89,990

20. *Appendix A, as enacted by section 19, is replaced by the following:*

**APPENDIX A –  
CORPORATE FINANCE PARTICIPATION FEES  
(OTHER THAN CLASS 3A AND CLASS 3B ISSUERS)**

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

21. *Appendix A, as enacted by section 20, is replaced by the following:*

**APPENDIX A  
CORPORATE FINANCE PARTICIPATION FEES  
(OTHER THAN CLASS 3A AND CLASS 3B ISSUERS)**

<b>Capitalization for the Reference Fiscal Year</b>	<b>Participation Fee</b>
under \$10 million	\$995
\$10 million to under \$25 million	\$1,195
\$25 million to under \$50 million	\$2,890
\$50 million to under \$100 million	\$7,135
\$100 million to under \$250 million	\$14,900
\$250 million to under \$500 million	\$32,800
\$500 million to under \$1 billion	\$45,725
\$1 billion to under \$5 billion	\$66,275
\$5 billion to under \$10 billion	\$85,325
\$10 billion to under \$25 billion	\$99,675
\$25 billion and over	\$112,200

22. *The following appendix is added:*

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

<b>Capitalization for the Reference Fiscal Year</b>	<b>Participation Fee</b>
under \$10 million	\$800
\$10 million to under \$25 million	\$960
\$25 million to under \$50 million	\$1,070
\$50 million to under \$100 million	\$1,910
\$100 million to under \$250 million	\$3,980
\$250 million to under \$500 million	\$8,760
\$500 million to under \$1 billion	\$12,225
\$1 billion to under \$5 billion	\$17,720
\$5 billion to under \$10 billion	\$22,800
\$10 billion to under \$25 billion	\$26,650
\$25 billion and over	\$30,000

23. *Appendix A.1, as enacted by section 22, is replaced by the following:*

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

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

24. *Appendix A.1, as enacted by 23, is replaced by the following:*

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

<b>Capitalization for the Reference Fiscal Year</b>	<b>Participation Fee</b>
under \$10 million	\$995
\$10 million to under \$25 million	\$1,195
\$25 million to under \$50 million	\$1,335
\$50 million to under \$100 million	\$2,385
\$100 million to under \$250 million	\$4,970
\$250 million to under \$500 million	\$10,925
\$500 million to under \$1 billion	\$15,240
\$1 billion to under \$5 billion	\$22,090
\$5 billion to under \$10 billion	\$28,440
\$10 billion to under \$25 billion	\$33,225
\$25 billion and over	\$37,400

25. *Appendix B is replaced by the following;*

**APPENDIX B – CAPITAL MARKETS PARTICIPATION FEES**

<b>Specified Ontario Revenues for the Reference Fiscal Year</b>	<b>Participation Fee</b>
under \$250,000	\$800
\$250,000 to under \$500,000	\$1,035
\$500,000 to under \$1 million	\$3,390
\$1 million to under \$3 million	\$ 7,590
\$3 million to under \$5 million	\$ 17,100
\$5 million to under \$10 million	\$ 34,550
\$10 million to under \$25 million	\$ 70,570
\$25 million to under \$50 million	\$105,750
\$50 million to under \$100 million	\$ 211,500
\$100 million to under \$200 million	\$ 351,200
\$200 million to under \$500 million	\$ 711,850
\$500 million to under \$1 billion	\$ 919,300
\$1 billion to under \$2 billion	\$1,159,300
\$2 billion and over	\$1,945,500



26. *Appendix B, as enacted by section 25, is replaced by the following:*

**APPENDIX B – CAPITAL MARKETS PARTICIPATION FEES**

<b>Specified Ontario Revenues for the Reference Fiscal Year</b>	<b>Participation Fee</b>
under \$250,000	\$835
\$250,000 to under \$500,000	\$1,085
\$500,000 to under \$1 million	\$3,550
\$1 million to under \$3 million	\$7,950
\$3 million to under \$5 million	\$17,900
\$5 million to under \$10 million	\$36,175
\$10 million to under \$25 million	\$74,000
\$25 million to under \$50 million	\$110,750
\$50 million to under \$100 million	\$221,500
\$100 million to under \$200 million	\$367,700
\$200 million to under \$500 million	\$745,300
\$500 million to under \$1 billion	\$962,500
\$1 billion to under \$2 billion	\$1,213,800
\$2 billion and over	\$2,037,000

27. *Appendix B, as enacted by section 26, is replaced by the following:*

**APPENDIX B – CAPITAL MARKETS PARTICIPATION FEES**

<b>Specified Ontario Revenues for the Reference Fiscal Year</b>	<b>Participation Fee</b>
under \$250,000	\$875
\$250,000 to under \$500,000	\$1,135
\$500,000 to under \$1 million	\$3,715
\$1 million to under \$3 million	\$8,325
\$3 million to under \$5 million	\$18,745
\$5 million to under \$10 million	\$37,875
\$10 million to under \$25 million	\$77,475
\$25 million to under \$50 million	\$115,955
\$50 million to under \$100 million	\$232,000
\$100 million to under \$200 million	\$385,000
\$200 million to under \$500 million	\$780,000
\$500 million to under \$1 billion	\$1,008,000
\$1 billion to under \$2 billion	\$1,271,000
\$2 billion and over	\$2,133,000

28. *The following appendix is added:*

**APPENDIX B.1  
PARTICIPATION FEES FOR SPECIFIED REGULATED ENTITIES  
Part 3.1 of the Rule**

<b>Row (Column A)</b>	<b>Specified Person or Company (Column B)</b>	<b>Participation Fee (Column C)</b>
	<b>A. Specified Market Operators</b>	
A1	Each specified market operator with a Canadian trading share for the specified period of up to 5%.	\$30,000
A2	Each specified market operator with a Canadian trading share for the specified period of 5% to up to 15%.	\$50,000
A3	Each specified market operator with a Canadian trading share for the specified period of 15% to up to 25%.	\$135,000
A4	Each specified market operator with a Canadian trading share for the specified period of 25% to up to 50%.	\$275,000
A5	Each specified market operator with a Canadian trading share for the specified	\$400,000

Row (Column A)	Specified Person or Company (Column B)	Participation Fee (Column C)
A6	period of 50% to up to 75%. Each specified market operator with a Canadian trading share for the specified period of 75% or more.	\$500,000
B1	<b>B. Exchanges Exempt from Recognition under the Act</b> Each exchange that is exempted by the Commission from the application of subsection 21(1) of the Act.	\$10,000
C1	<b>C. Alternative Trading Systems</b> Each alternative trading system only for exchange-traded securities.	\$17,000
C2	Each alternative trading system only for unlisted debt or securities lending.	\$8,750
C3	Each alternative trading system not described in Row C1 or C2.	\$17,000
D1	<b>D. Clearing Agencies Recognized under the Act</b> Each clearing agency recognized under section 21.2 of the Act --	
D2	Total determined by aggregating fees in respect of each of the following services, to the extent applicable, provided by a recognized clearing agency to Ontario participants in the market:	
D3	Matching services, being the provision of facilities for comparing data respecting the terms of settlement of a trade or transaction.	\$10,000
D4	Netting services, being the provision of facilities for the calculation of the mutual obligations of participants for the exchange of securities and/or money.	\$20,000
D5	Settlement services, being services that ensure that securities are transferred finally and irrevocably from one participant to another in exchange for a corresponding transfer of money and/or <i>vice versa</i> .	\$20,000
D6	Acting as a central clearing counterparty by providing novation services, if the Commission does not place reliance on another regulator for direct oversight.	\$150,000
D7	Acting as a central clearing counterparty by providing novation services, if the Commission places reliance on another regulator for direct oversight.	\$70,000
D8	Depository services, being the provision of centralized facilities as a depository for securities.	\$20,000
E1	<b>E. Clearing Agencies Exempt from Recognition under the Act</b> Each clearing agency that is exempted by the Commission from the application of subsection 21.2(1) of the Act.	\$10,000
F1	<b>F. Trade Repositories</b> Each trade repository designated under subsection 21.2.2(1) of the Act.	\$30,000

29. **Appendix C is amended**

- (a) **in items A(1), (3), (4) and (5) by replacing “\$3,250” with “\$3,750”, wherever it occurs;**
- (b) **in item A(2) by**
  - (i) **replacing “engineering” with “technical”, and**
  - (ii) **replacing “\$2,000” with “\$2,500”;**
- (c) **by deleting the following text in item 5:**

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

**(d) by adding the following item A(6):**

6.	Filing of prospectus supplement in relation to a specified derivative (as defined in National Instrument 44-102 <i>Shelf Distributions</i> ) for which the amount payable is determined with reference to the price, value or level of an underlying interest that is unrelated to the operations of securities of the issuer	\$500
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**(e) by replacing item B(2) with the following:**

2.	Filing of a Form 45-501F1 or Form 45-106F1 for a distribution of securities of an issuer	\$500
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**(f) in item B(3) by replacing the first reference to “\$2,000” with “\$3,750”;**

**(g) by replacing item E(1) with the following:**

1.	<p>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(2.1), E(3), E(4) or E(4.1) below nor section E.1 or E.2</p> <p><i>Note: The following are included in the applications that are subject to a fee under this item:</i></p> <p>(i) <i>recognition of a self-regulatory organization under section 21.1 of the Act or a quotation and trade reporting system under section 21.2.1 of the Act;</i></p> <p>(ii) <i>approval of a compensation fund or contingency trust fund under section 110 of the Regulation;</i></p> <p>(iii) <i>approval of the establishment of a council, committee or ancillary body under section 21.3 of the Act;</i></p> <p>(iv) <i>deeming an issuer to be a reporting issuer under subsection 1(11) of the Act;</i></p> <p>(v) <i>except as listed in item E(4.1) (b), applications by a person or company under subsection 144(1) of the Act; and</i></p> <p>(vi) <i>except as provide in section E.1, exemption applications under section 147 of the Act.</i></p>	<p>\$4,500 for an application made under one eligible securities section and \$7,000 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 (<i>Commodity Futures Act</i>))</p> <p><i>Fees:</i></p> <p>(i) the applicant;</p> <p>(ii) an issuer of which the applicant is a wholly owned subsidiary;</p> <p>(iii) the investment fund manager of the applicant),</p> <p>(plus an additional fee of \$100,000 in connection with each particular application by a person or company under subsection 144(1) of the Act in respect of an application described in section E.1 if the particular application</p> <p>(a) reflects a merger of an exchange or clearing agency,</p> <p>(b) reflects an acquisition of a major part of the assets of an exchange or clearing agency,</p> <p>(c) involves the introduction of a new business that would significantly change the risk profile</p>
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	<p>of an exchange or clearing agency, or</p> <p>(d) reflects a major reorganization or restructuring of an exchange or clearing agency).</p>
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**(h) by replacing item E(2) with the following:**

2.	An application for relief from this Rule.	\$1,750
2.1	<p>An application for relief from any of the following:</p> <p>(a) NI 31-102 <i>National Registration Database</i>;</p> <p>(b) NI 33-109 <i>Registration Information</i>;</p> <p>(c) section 3.11 [<i>Portfolio manager – advising representative</i>] of NI 31-103;</p> <p>(d) section 3.12 [<i>Portfolio manager – associate advising representative</i>] of NI 31-103;</p> <p>(e) section 3.13 [<i>Portfolio manager – chief compliance officer</i>] of NI 31-103;</p> <p>(f) section 3.14 [<i>Investment fund manager – chief compliance officer</i>] of NI 31-103;</p> <p>(g) section 9.1 [<i>IIROC membership for investment dealers</i>] of NI 31-103;</p> <p>(h) section 9.2 [<i>MFDA membership for mutual fund dealers</i>] of NI 31-103.</p>	\$1,500

**(i) by replacing item E(4) with the following:**

4.	Application under subclause 1(10)(a)(ii) of the Act	\$1,000
4.1	<p>Application</p> <p>(a) under section 30 or subsection 38(3) of the Act or subsection 1(6) of the <i>Business Corporations Act</i>;</p> <p>(b) under section 144 of the Act for an order to partially revoke a cease-trade order to permit trades solely for the purpose of establishing a tax loss, as contemplated under section 3.2 of National Policy 12-202 <i>Revocation of a Compliance-related Cease Trade Order</i>; and</p> <p>(c) other than a pre-filing, where the discretionary relief or regulatory approval is evidenced by the issuance of a receipt for the applicants' final prospectus (such as certain applications under NI 41-101 or NI 81-101).</p>	Nil

(j) **by adding the following:**

<p><b>E.1 Market Regulation Recognitions and Exemptions</b></p> <p>(a) Application for recognition of an exchange under section 21 of the Act;</p> <p>(b) Application for exemption from the recognition of an exchange under section 21 of the Act;</p> <p>(c) Application by clearing agencies for recognition under section 21.2 of the Act;</p> <p>(d) Application for exemption from the recognition of a clearing agency under section 21.2 of the Act;</p>	<p style="text-align: right;">\$100,000</p> <p style="text-align: right;">\$75,000</p> <p style="text-align: right;">\$100,000</p> <p style="text-align: right;">\$75,000</p> <p>(plus an additional fee of \$100,000 in connection with each such application that</p> <p style="padding-left: 40px;">(a) reflects a merger of an exchange or clearing agency,</p> <p style="padding-left: 40px;">(b) reflects an acquisition of a major part of the assets of an exchange or clearing agency,</p> <p style="padding-left: 40px;">(c) involves the introduction of a new business that would significantly change the risk profile of an exchange or clearing agency, or</p> <p style="padding-left: 40px;">(d) reflects a major reorganization or restructuring of an exchange or clearing agency).</p>
<p><b>E.2 Alternative Trading Systems</b></p> <p>Review of the initial Form 21-101F2 of a new alternative trading system</p>	<p style="text-align: right;">\$50,000</p>

- (k) **in item G(1), by replacing “\$4,000” with “\$4,500”;**
- (l) **in item H(1), by replacing “\$600” with “\$1,200”;**
- (m) **in item H(2), by replacing “\$600” with “\$700”;**
- (n) **in item H(5), by replacing “\$2,000” with “\$1,000”;**
- (o) **in section I, by replacing “\$3,000” with “\$3,500”;**

(p) *by replacing section K with the following:*

<b>K. Requests to the Commission</b>	
1. Request for a copy (in any format) of Commission public records	\$0.50 per image
2. Request for a search of Commission public records	\$7.50 for each 15 minutes search time spent by any person
3. Request for one's own individual registration form.	\$30

**30. Appendix D is amended by**

(a) *deleting* "(c) Form 45-501F1 or Form 45-106F1 filed by a reporting issuer;"

(b) *adding the following after paragraph (i) of section A:*

(j) Form 13-502F7;

(k) Form 13-502F8.; *and*

(c) *adding the following:*

A.1 Fee for late filing Forms 45-501F1 and 45-106F1	\$100 per business day  (subject to a maximum aggregate fee of \$5,000 per fiscal year, for an issuer, for all Forms 45-501F1 and 45-106F1, required to be filed within a fiscal year of the issuer).
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**31. Form 13-502F1 is replaced by the following:**

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

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

End date of last completed fiscal year: \_\_\_\_\_

End date of reference fiscal year: \_\_\_\_\_

(A reporting issuer's reference fiscal year is the reporting issuer's last fiscal year ending before May 1, 2012, provided that it was a reporting issuer at the end of that fiscal year and, if it became a reporting issuer in that year as a consequence of a prospectus receipt, all or substantially all of its securities were listed or quoted on a marketplace at the end of that fiscal year. In any other case, it is the reporting issuer's 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 reference 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 reference fiscal year, computed with reference to clauses 2.7(1)(a)(ii)(A) and (B) and subsection 2.7(2) 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 reference fiscal year)

\_\_\_\_\_ (B)

Market value of other securities not valued at the end of any trading day in a month:(See paragraph 2.7(1)(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(1)(b) of the Rule applies)

\_\_\_\_\_ (D)

Capitalization for the reference fiscal year

(Add market value of all classes and series of securities)

(A) + (B) + (C) + (D) =

**Participation Fee (determined without reference to subsections 2.2(3.1) of the Rule)**

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

\_\_\_\_\_ (iii)

Did the issuer become a reporting issuer in the previous fiscal year as a result of a prospectus receipt? If **no**, participation fee equals (iii) amount above.

\_\_\_\_\_ (iii)

If yes, prorate (iii) amount as calculated in subsection 2.2(3.1) of the Rule to determine participation fee.

\_\_\_\_\_ (iv)

**Late Fee, if applicable**

(As determined under section 2.5 of the Rule)



32. **Form 13-502F2 is replaced by the following:**

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

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

End date of last completed fiscal year: \_\_\_\_\_

End date of reference fiscal year: \_\_\_\_\_

(A reporting issuer's reference fiscal year is the reporting issuer's last fiscal year ending before May 1, 2012, provided that it was a reporting issuer at the end of that fiscal year and, if it became a reporting issuer in that year as a consequence of a prospectus receipt, all or substantially all of its securities were listed or quoted on a marketplace at the end of that fiscal year. In any other case, it is the reporting issuer's 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 reference 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) |
| Non-current borrowings (including the current portion)  | (D) |
| Finance leases (including the current portion)  | (E) |
| Non-controlling interest  | (F) |
| Items classified on the statement of financial position as non-current liabilities (and not otherwise listed above)   | (G) |
| Any other item forming part of equity and not set out specifically above  | (H) |

**Capitalization for the reference 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) \_\_\_\_\_

33. **Form 13-502F3A is amended by replacing "\$960" with "\$1,070".**

34. **Form 13-502F3A, as amended by section 26, is amended by replacing "\$1,070" with "\$1,195".**

35. Form 13-502F3B is replaced by the following:

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

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

**End date of last completed fiscal year:** \_\_\_\_\_

**End date of reference fiscal year:** \_\_\_\_\_

(A reporting issuer's reference fiscal year is the reporting issuer's last fiscal year ending before May 1, 2012, provided that it was a reporting issuer at the end of that fiscal year and, if it became a reporting issuer in that year as a consequence of a prospectus receipt, all or substantially all of its securities were listed or quoted on a marketplace at the end of that fiscal year. In any other case, it is the reporting issuer's 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 reference 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 reference fiscal year, computed with reference to paragraph 2.9(1)(b) and subsection 2.9(2) 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 reference fiscal year**

(Add market value of all classes and series of securities) (A) + (B) = \_\_\_\_\_

**Participation Fee Otherwise Determined**

(From Appendix A.1 of the Rule, select the participation fee beside the capitalization calculated above) \_\_\_\_\_ (C)

**Participation Fee Payable**

Did the issuer become a reporting issuer in the previous fiscal year as a result of a prospectus receipt?

If **no**, participation fee equals (C) amount above. \_\_\_\_\_ (C)

If **yes**, prorate (C) amount as calculated in subsection 2.2(3.1) of the Rule. \_\_\_\_\_ (D)

**Late Fee**, if applicable

(As determined under section 2.5 of the Rule) \_\_\_\_\_

36. Form 13-502F3C is replaced by the following:

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

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

**End date of last completed fiscal year:** \_\_\_\_\_

**End date of reference fiscal year:** \_\_\_\_\_

(A reporting issuer's reference fiscal year is the reporting issuer's last fiscal year ending before May 1, 2012, provided that it was a reporting issuer at the end of that fiscal year and, if it became a reporting issuer in that year as a consequence of a prospectus receipt, all or substantially all of its securities were listed or quoted on a marketplace at the end of that fiscal year. In any other case, it is the reporting issuer's 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 reference 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 reference fiscal year, computed with reference to clauses 2.7(1)(a)(ii)(A) and (B) and subsection 2.7(2) 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 reference fiscal year) \_\_\_\_\_(B)

**Market value of other securities not valued at the end of any trading day in a month:** \_\_\_\_\_(C)

(See paragraph 2.7(1)(b) of the Rule)

(Provide details of how value was determined)

(Repeat for each other class or series of securities to which paragraph 2.7(1)(b) of the Rule applies) \_\_\_\_\_(D)

**Capitalization for the reference fiscal year**

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

**Participation Fee (determined without reference to subsections 2.2(3.1) of the Rule)**

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

Did the issuer become a reporting issuer in the previous fiscal year as a result of a prospectus receipt? If **no**, participation fee equals (E) amount above. \_\_\_\_\_(E)

If yes, prorate (E) amount as calculated in subsection 2.2(3.1) of the Rule to determine participation fee. \_\_\_\_\_(F)

**Late Fee, if applicable**

(As determined under section 2.5 of the Rule)

**37. Form 13-502F4 is amended**

**(a) by replacing General Instructions 1 and 2 with the following:**

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 firms that are unregistered investment fund managers (as defined in the Rule).

**(b) in General Instruction 4, by replacing “Form” with “form”;**

**(c) by replacing General Instruction 8 with the following:**

8. Participation fee revenue will be based on the portion of total revenue that can be attributed to Ontario for the firm’s reference fiscal year. A firm’s reference fiscal year is generally its last fiscal year ending before May 1, 2012. For further detail, see the definition of “reference fiscal year” in section 1.1 of the Rule.

**(d) by deleting General Instruction 12;**

**(e) by replacing “3. Membership Status” with “3. Membership Status (one selection)”;**

**(f) in section 4 entitled “4. Financial Information” by**

- (i) adding “(one selection)” at the end of the second line following that title,**
- (ii) replacing “last completed” with “reference”, and**
- (iii) deleting “Note: The fiscal year identified above is referred to below as the relevant fiscal year.”;**

**(g) in section 5, replacing “Relevant fiscal year” with “Reference fiscal year”;; and**

**(h) after section 4, replacing “relevant fiscal year” with “reference fiscal year”, wherever it occurs.**

**38. Form 13-506F5 is amended by replacing “that this Form” with “that this form”.**

**39. Form 13-502F6 is replaced by the following:**

**FORM 13-502F6  
SUBSIDIARY ENTITY EXEMPTION NOTICE**

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

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

End Date of Subsidiary Entity’s Reference Fiscal Year: \_\_\_\_\_

End Date of Subsidiary Entity’s Reference Fiscal Year: \_\_\_\_\_

(A subsidiary entity’s reference fiscal year is generally its last fiscal year ending before May 1, 2012, provided that it was a reporting issuer at the end of that fiscal year. In any other case, it is the 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 reference 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 reference fiscal year;
- d) the market capitalization of the subsidiary entity for the reference fiscal year was included in the market capitalization of the parent for the reference fiscal year; and
- e) the net assets and total revenues of the subsidiary entity for its reference fiscal year represented more than 90 percent of the consolidated net assets and total revenues of the parent for the parent's reference fiscal year.

	<b>Net Assets for reference fiscal year</b>	<b>Total Revenues for reference fiscal year</b>	
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 reference 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 reference fiscal year;
- d) the market capitalization of the subsidiary entity for the reference fiscal year was included in the market capitalization of the parent for the reference 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 NI 51-102 *Continuous Disclosure Obligations*.

**40. The following forms are added:**

**FORM 13-502F7  
SPECIFIED REGULATED ENTITIES – PARTICIPATION FEE**

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

**Applicable calendar year:** \_\_\_\_\_ (2013 or later)

**Type of Specified Regulated Entity:  
(check one)**

- (1) Specified market operator, including recognized exchange
- (2) Alternative trading system
- (3) Recognized clearing agency

(4) Exempt exchange, Exempt clearing agency or Trade Repository

**(1) Participation Fee for applicable calendar year -- Specified market operator, including recognized exchange**

Filer should enter their Canadian trading share for the period beginning on April 1 of the previous calendar year and ending on March 31 of the calendar year below:

Canadian Trading Share Description	% (To be Entered by Filer)
Line 1: the share in the specified period of the total dollar values of trades of exchange-traded securities;	
Line 2: the share in the specified period of the total trading volume of exchange-traded securities;	
Line 3: the share in the specified period of the total number of trades of exchange-traded securities;	
Line 4: Average of Lines 1,2 & 3 above	

<b>Line 5: Filer is required to Pay the Amount from the corresponding column in the table below based on the average calculated on Line 4 above:</b>	\$
--	----

Canadian trading share for the specified period of up to 5%	\$30,000
Canadian trading share for the specified period of 5% to up to 15%	\$50,000
Canadian trading share for the specified period of 15% to up to 25%	\$135,000
Canadian trading share for the specified period of 25% to up to 50%	\$275,000
Canadian trading share for the specified period of 50% to up to 75%.	\$400,000
Canadian trading share for the specified period of 75% or more	\$500,000

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

*Note: If all or substantially all of your gross revenues attributable to capital markets activities derive from the operation of an alternative trading system, enter the amounts described in Lines 6, 8, 9, 10 and 11, respectively. Otherwise, enter "\$0" on each of the applicable lines.*

Line 6: Amount Paid Based on Form 13-502F4 on December 31 of the preceding calendar year:	\$
Line 7: If operating an alternative trading system only for unlisted debt or securities lending enter \$8,750 on this line, otherwise enter \$17,000.	\$
Line 8: Sum Line 6 and Line 7	\$

Line 9: If operating an alternative trading system for exchange-traded securities, calculate Participation Fee based on Section (1) Specified Market Operator of this form. Enter amount from Line 5 on this line.	\$
Line 10: If operating an alternative trading system for other than for exchange-traded securities enter \$30,000 on this line.	\$
Line 11: Subtract Line 9 or Line 10 from Line 8.	\$
<b>Line 12: Subtract Line 11 from the Amount Entered on Line 7. If positive, this is your Part 3.1 fee payable for the year . If zero or negative, there is no Part 3.1 fee payable and there is a refund due to you of the amount determined.</b>	\$

**(3) Participation Fee for applicable calendar year -- Recognized clearing agency**

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

Services:	Fee Payable
Line 13: Matching services, being the provision of facilities for comparing data respecting the terms of settlement of a trade or transaction. Enter \$10,000	\$
Line 14: Netting services, being the provision of facilities for the calculation of the mutual obligations of participants for the exchange of securities and/or money. Enter \$20,000	\$
Line 15: Settlement services, being services that ensure that securities are transferred finally and irrevocably from one participant to another in exchange for a corresponding transfer of money and/or <i>vice versa</i> . Enter \$20,000.	\$
Line 16: Acting as a central clearing counterparty by providing novation services, if the Commission does not place reliance on another regulator for direct oversight. Enter \$150,000	\$
Line 17: Acting as a central clearing counterparty by providing novation services, if the Commission places reliance on another regulator for direct oversight. Enter \$70,000.	\$
Line 18: Depository services, being the provision of centralized facilities as a depository for securities. Enter \$20,000.	\$
<b>Line 19: Total Fee Payable (Sum of Lines 13-18):</b>	\$

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

Line 20: Filer is required to Pay the Amount from the corresponding column in the table below.	\$
Exempt Exchange	\$10,000
Exempt clearing agency	\$10,000
Trade Repository	\$30,000

**Late Fee**

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

**FORM 13-502F8  
DESIGNATED RATING ORGANIZATIONS – PARTICIPATION FEE**

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

Fiscal year end date: \_\_\_\_\_

Participation Fee in respect of the fiscal year \$15,000

(From subsection 3.2.1(1) of the Rule)

Late Fee, if applicable

(From section 3.2.2 of the Rule)

\*\*\*\*\*

- 41. (1) *Except as provided by subsections (2) and (3), this Instrument comes into force on April 1, 2013.*
- (2) *Sections 5, 20, 23, 26 and 33 come into force on April 7, 2014.*
- (3) *Sections 6, 21, 24, 27 and 34 come into force on April 6, 2015.*



ANNEX C

BLACKLINE SHOWING FINAL CHANGES TO  
ONTARIO SECURITIES COMMISSION  
RULE 13-502 FEES

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## 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;

“net assets” means total assets minus total liabilities, using the meanings ascribed to those terms under the accounting standards pursuant to which the entity’s financial statements are prepared under Ontario securities law;

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

“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;

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

- (a) the participant’s last fiscal year ending before May 1, 2012, if
- (i) the participant was a reporting issuer, registrant firm or unregistered capital markets participant at the end of the fiscal year, and
- (ii) if the participant became a reporting issuer in that fiscal year under clause (b) of the definition of “reporting issuer” in subsection 1(1) of the Act, all or substantially all of its securities were listed or quoted on a marketplace at the end of that fiscal year, and

(b) in any other case, the previous fiscal year in respect of the participation fee;

“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” 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 ~~and is not registered under the Act. manager for one or more investment funds and is not registered as an investment fund manager in accordance with Ontario securities law, but does not include a person or company that does not have a place of business in Ontario if one or more of the following apply:~~

- (a) none of those investment funds have security holders resident in Ontario;
- (b) the person or company and those investment funds have not, at any time after September 27, 2012, actively solicited residents in Ontario to purchase securities of any of those investment funds.

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

**1.3 Liability for multiple participation fees** – For greater certainty, except as expressly provided in Part 3.1, the liability of a person or company for a payment under any of Parts 2 to 3.1 of this Rule does not affect the liability of that person or company under any other of those Parts.

## 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, after each of its fiscal years, pay the participation fee shown in Appendix A opposite the capitalization of the reporting issuer for its ~~previous~~reference 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 \$960.\*

\*Note: The \$960 amount in subsection 2.2(2) rises to \$1,070 effective April 7, 2014, and to \$1,195 effective April 6, 2015.

- (3) Despite subsection (1), a Class 3B reporting issuer must pay a the participation fee shown in Appendix A.1 opposite the capitalization of the reporting issuer for its reference fiscal year, as its capitalization is determined under section 2.9. equal to the greater of
- (a) — \$960, and
  - (b) — 1/3 of the participation fee shown in Appendix A opposite the capitalization of the reporting issuer for its previous fiscal year, as its capitalization is determined under section 2.9.
- (3.1) Despite subsections (1) and (3), the participation fee of a reporting issuer must, if its capitalization for its reference fiscal period is affected by the application of subsection 2.7(2) or 2.9(2) and its reference fiscal period coincides with its previous fiscal year in respect of the participation fee, be calculated by multiplying
- (a) the amount of that participation fee determined without reference to this subsection, by
  - (b) the number of entire months in the previous fiscal year remaining after it became a reporting issuer divided by the lesser of
    - (i) 12, and
    - (ii) the number of entire months in the previous fiscal year.
- (4) Despite subsections (1) to (3), a participation fee is not payable by a participant under this section if the participant became a reporting issuer in period that begins immediately after the time that would otherwise be the end of the previous fiscal year in respect of the participation fee and ends at the time the participation fee would otherwise required to be paid under section 2.3.

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

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

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

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

**2.5 Late Fee**

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

**2.6 Participation Fee Exemption**~~Exemptions~~ **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 previousreference fiscal year if
  - (a) at the end of that previousreference 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 previousreference fiscal year,
  - (d) the capitalization of the subsidiary entity for its previousreference fiscal year was included in the capitalization of the parent for the parent's previousreference fiscal year, and
  - (e) the net assets and total revenues of the subsidiary entity for its previousreference fiscal year represented more than 90 percent of the consolidated net assets and total revenues of the parent for the parent's previousreference 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 previousreference fiscal year if
- (a) at the end of that previousreference 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 previousreference fiscal year,
  - (d) the capitalization of the subsidiary entity for its previousreference fiscal year was included in the capitalization of the parent for the parent's previousreference 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 2.3,2.3 and the issuer's reference fiscal year coincides with its previous fiscal year, 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

- (1) The capitalization of a Class 1 reporting issuer for its previousreference fiscal year is the total of
- (a) the average market value over the previousreference 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 previousreference fiscal year, by
    - (ii) except as provided by subsection (2), the simple average of the closing prices of the class or series on the last trading day of each month of the previousreference 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 previousreference fiscal year, or
      - (B) if the class or series was not traded in the previousreference 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 previousreference fiscal year, and
  - (b) the market value at the end of the previousreference fiscal year, as determined by the reporting issuer in good faith, of each class or series of securities of the reporting issuer not valued on the last trading day of any month 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) If a person or company becomes a reporting issuer under clause (b) of the definition of "reporting issuer" in subsection 1(1) of the Act in its reference fiscal year, the reference in subparagraph (1)(a)(ii) to "each month" does not include each month ending before securities of the person or company were listed or quoted on a marketplace.

### 2.8 Class 2 reporting issuers

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



- (3) Despite subsection (1), a reporting issuer that is a trust that issues only asset-backed securities through pass-through certificates may calculate its capitalization using the monthly filed distribution report for the last month of its previousreference 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

- (1) The capitalization of a Class 3B reporting issuer for its previousreference 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 previousreference fiscal year, by
  - (b) except as provided by subsection (2), the simple average of the closing prices of the class or series on the last trading day of each month of the previousreference 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 previousreference fiscal year.
- (2) If a person or company becomes a reporting issuer under clause (b) of the definition of “reporting issuer” in subsection 1(1) of the Act in its reference fiscal year, the reference in paragraph (1)(b) to “each month” does not include each month ending before securities of the person or company were listed or quoted on a marketplace.

**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~~<sup>31</sup> of each calendar year, 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 previousreference 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 each of its fiscal yearyears, 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 theits reference fiscal year, as those revenues are calculated under section 3.4.
- (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
- (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 previousreference fiscal year of a registrant firm that was an IIROC or MFDA member at the end of the previousreference fiscal year is calculated by multiplying
- (a) the registrant firm’s total revenue for its previousreference 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 previousreference fiscal year.
- (2) For the purpose of paragraph (1)(a), “total revenue” for a previousreference fiscal year means,
- (a) for a registrant firm that was an IIROC member at the end of the previousreference fiscal year, the amount shown as total revenue for the previousreference 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 previousreference fiscal year, the amount shown as total revenue for the previousreference 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 previousreference fiscal year that was not a member of IIROC or the MFDA at the end of the previousreference fiscal year or of an unregistered exempt international firm for its previousreference fiscal year is calculated by multiplying
- (a) the firm’s gross revenues, as shown in the audited financial statements prepared for the previousreference fiscal year, less deductions permitted under subsection (3), by
- (b) the firm’s Ontario percentage for the previousreference fiscal year.
- (2) The specified Ontario revenues of an unregistered investment fund manager for its previousreference fiscal year is calculated by multiplying

- (a) the fund manager's gross revenues, as shown in the audited financial statements for the previousreference fiscal year, less deductions permitted under subsection (3), by
  - (b) the fund manager's Ontario percentage for the previousreference 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 previousreference 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 previousreference 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 previousreference 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 reference fiscal year of a registrant firm or unregistered exempt international firm in respect of a participation fee under subsection 3.1(1) coincides with the previous fiscal year in respect of the participation fee and the annual financial statements of aregistrant 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) ~~by the time on or before December 1~~ 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 3.1 – PARTICIPATION FEES FOR SPECIFIED REGULATED ENTITIES**

### **3.1.1 Payment of Participation Fee**

- (1) Each specified market operator must pay annually the participation fee specified in Column C of Appendix B.1 for each specified period except that, if there is a group of specified market operators each of which is related to each other, the obligation under this Part and Appendix B.1 must be determined as if the group were a single entity in which case each specified market operator in the group is jointly and severally liable in respect of the obligation.
- (2) For the purposes of subsection (1) and Appendix B.1,
  - (a) “Canadian trading share” for a specified period is the average of:
    - (i) the share in the specified period of the total dollar values of trades of exchange-traded securities;
    - (ii) the share in the specified period of the total trading volume of exchange-traded securities;  
and
    - (iii) the share in the specified period of the total number of trades of exchange-traded securities;
  - (b) a “specified market operator” is a person or company that, on April 15 of the calendar year in which the payment under subsection (1) is required,
    - (i) is recognized under the Act as an exchange,
    - (ii) operates a market or facility recognized under the Act as an exchange or, pursuant to a recognition order under the Act, a market or facility similar to a market, or

- (iii) \_\_\_\_\_ has one or more subsidiaries that are recognized exchanges under the Act; and
- (c) \_\_\_\_\_ a “specified period” in respect of a payment required to be made under this section by April 30 of a calendar year, is the period beginning on April 1 of the previous calendar year and ending on March 31 of the calendar year.
- (3) \_\_\_\_\_ Each person or company described in section B, C, E or F in Column B, of Appendix B.1 must pay annually the participation fee specified for the person or company in Column C of Appendix B.1.
- (4) \_\_\_\_\_ Each clearing agency recognized under section 21.2 of the Act must pay annually the total fee determined by aggregating the fees in Column C for the services in rows D3 to D8 that are provided by it.
- (5) \_\_\_\_\_ Each payment described in subsection (1), (3) or (4) must be made no later than April 30 of each calendar year and be accompanied by a completed Form 13-502F7.
- (6) \_\_\_\_\_ With regard to persons or companies described in any of rows B1, C1, C2, C3, D1, E1 or F1 of Appendix B.1, subsections (3) and (4) do not apply for a calendar year unless the person or company is so described on April 15 of that calendar year and carries on business in Ontario at that time.
- (7) \_\_\_\_\_ Subsection (8), (9) or (10) applies to a person or company for a calendar year only if all or substantially all of the gross revenues of the person or company in the calendar year attributable to capital markets activities derive from the operation of an alternative trading system.
- (8) \_\_\_\_\_ Despite subsection (3) and Appendix B.1, if a person or company is described in row C1 of Appendix B.1 and the sum of \$17,000 and the amount paid by the person or company under Part 3 on December 31 of the preceding calendar year exceeds the amount that would be payable under subsection (1) on April 30 of the calendar year if the person or company were a specified market operator,
  - (a) \_\_\_\_\_ the excess shall first be applied to reduce the \$17,000 amount otherwise payable under this Part by the person or company for the calendar year, and
  - (b) \_\_\_\_\_ any unapplied part of the excess shall be refunded to the person or company not later than June 1 of the calendar year.
- (9) \_\_\_\_\_ Despite subsection (3) and Appendix B.1, if a person or company is described in row C2 of Appendix B.1 and the sum of \$8,750 and the amount paid by a person or company under Part 3 on December 31 of the preceding calendar year exceeds \$30,000
  - (a) \_\_\_\_\_ the excess shall first be applied to reduce the \$8,750 amount otherwise payable under this Part by the person or company for the calendar year, and
  - (b) \_\_\_\_\_ any unapplied part of the excess shall be refunded to the person or company not later than June 1 of the calendar year.
- (10) \_\_\_\_\_ Despite subsection (3) and Appendix B.1, if a person or company is described in row C3 of Appendix B.1
  - (a) \_\_\_\_\_ if the person or company operates an alternative trading system for exchange-traded securities, subsection (8) applies; and
  - (b) \_\_\_\_\_ in any other case, subsection (9) applies as if the reference in that subsection to “\$8,750” were read as “\$17,000”.

### **3.1.2 Late fee**

- (1) \_\_\_\_\_ A person or company that is late 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 person or company is deemed to be nil if the amount otherwise determined under subsection (1) in respect of the late payment of the participation fee is less than \$10.

## **PART 3.2 – PARTICIPATION FEES FOR DESIGNATED RATING ORGANIZATIONS**

### **3.2.1 Payment of Participation Fee**

- (1) Each designated rating organization must pay a participation fee of \$15,000 after the completion of each financial year.
- (2) The payment must be made no later than the earlier of:
  - (a) the time at which the designated rating organization files a completed Form 25-101F1 *Designated Rating Organization Application and Annual Filing* in respect of the financial year, and
  - (b) the time at which the designated rating organization is required by National Instrument 25-101 *Designated Rating Organizations* to file a completed Form 25-101F1 *Designated Rating Organization Application and Annual Filing* in respect of the financial year.
- (3) The payment must be accompanied by a completed Form 13-502F8.

### **3.2.2 Late fee**

- (1) A designated rating organization that is late 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 designated rating organization is deemed to be nil if the amount otherwise determined under subsection (1) in respect of the late payment of the participation fee is less than \$10.

## **PART 4 – ACTIVITY FEES**

**4.1 Activity Fees – General** – 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.

**4.1.1 Information Request** – Section 4.1 does not apply with regard to requests to the Commission under section K of Appendix C but the Commission must only fulfill a request under that section upon full payment of the applicable fee.

**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 or A.1 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**

[not reproduced]

**APPENDIX A  
CORPORATE FINANCE PARTICIPATION FEES  
(OTHER THAN CLASS 3A AND CLASS 3B ISSUERS)**

<b>Capitalization for the Previous <u>Reference</u> Fiscal Year</b>	<b>Participation Fee (effective <u>April 1, 2013</u>)</b>	<b>Participation Fee (effective <u>April 7, 2014</u>)</b>	<b>Participation Fee (effective <u>April 6, 2015</u>)</b>
<u>under \$10 million</u>	<u>\$800</u>	<u>\$890</u>	<u>\$995</u>
<u>\$10 million to under \$25 million</u>	<u>\$960</u>	<u>\$1,070</u>	<u>\$1,195</u>
<u>\$25 million to under \$50 million</u>	<u>\$2,0802,320</u>	<u>\$2,590</u>	<u>\$2,890</u>
<u>\$50 million to under \$100 million</u>	<u>\$5,4255,725</u>	<u>\$6,390</u>	<u>\$7,135</u>
<u>\$100 million to under \$250 million</u>	<u>\$40,70011,950</u>	<u>\$13,340</u>	<u>\$14,900</u>
<u>\$250 million to under \$500 million</u>	<u>\$23,54026,300</u>	<u>\$29,365</u>	<u>\$32,800</u>
<u>\$500 million to under \$1 billion</u>	<u>\$32,85036,675</u>	<u>\$40,950</u>	<u>\$45,725</u>
<u>\$1 billion to under \$5 billion</u>	<u>\$47,60053,145</u>	<u>\$59,350</u>	<u>\$66,275</u>
<u>\$5 billion to under \$10 billion</u>	<u>\$61,30068,450</u>	<u>\$76,425</u>	<u>\$85,325</u>
<u>\$10 billion to under \$25 billion</u>	<u>\$71,60079,950</u>	<u>\$89,270</u>	<u>\$99,675</u>
<u>\$25 billion and over</u>	<u>\$80,60089,990</u>	<u>\$100,500</u>	<u>\$112,200</u>



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

<u>Capitalization for the Reference Fiscal Year</u>	<u>Participation Fee (effective April 1, 2013)</u>	<u>Participation Fee (effective April 7, 2014)</u>	<u>Participation Fee (effective April 6, 2015)</u>
<u>under \$10 million</u>	<u>\$800</u>	<u>\$890</u>	<u>\$995</u>
<u>\$10 million to under \$25 million</u>	<u>\$960</u>	<u>\$1,070</u>	<u>\$1,195</u>
<u>\$25 million to under \$50 million</u>	<u>\$1,070</u>	<u>\$1,195</u>	<u>\$1,335</u>
<u>\$50 million to under \$100 million</u>	<u>\$1,910</u>	<u>\$2,135</u>	<u>\$2,385</u>
<u>\$100 million to under \$250 million</u>	<u>\$3,980</u>	<u>\$4,450</u>	<u>\$4,970</u>
<u>\$250 million to under \$500 million</u>	<u>\$8,760</u>	<u>\$9,780</u>	<u>\$10,925</u>
<u>\$500 million to under \$1 billion</u>	<u>\$12,225</u>	<u>\$13,650</u>	<u>\$15,240</u>
<u>\$1 billion to under \$5 billion</u>	<u>\$17,720</u>	<u>\$19,785</u>	<u>\$22,090</u>
<u>\$5 billion to under \$10 billion</u>	<u>\$22,800</u>	<u>\$25,460</u>	<u>\$28,440</u>
<u>\$10 billion to under \$25 billion</u>	<u>\$26,650</u>	<u>\$29,755</u>	<u>\$33,225</u>
<u>\$25 billion and over</u>	<u>\$30,000</u>	<u>\$33,495</u>	<u>\$37,400</u>

APPENDIX B – CAPITAL MARKETS PARTICIPATION FEES

Specified Ontario Revenues for the Previous <u>Reference</u> Fiscal Year	Participation Fee (effective <u>April 1, 2013</u> )	Participation Fee (effective <u>April 7, 2014</u> )	Participation Fee (effective <u>April 6, 2015</u> )
under <u>\$250,000</u>	\$800	\$835	\$875
<u>\$250,000</u> to under \$500,000	\$1,035	\$1,085	\$1,135
\$500,000 to under \$1 million	\$3,240 <u>3,390</u>	\$3,550	\$3,715
\$1 million to under \$3 million	\$7,250 <u>7,590</u>	\$7,950	\$8,325
\$3 million to under \$5 million	\$16,325 <u>17,100</u>	\$17,900	\$18,745
\$5 million to under \$10 million	\$33,000 <u>34,550</u>	\$36,175	\$37,875
\$10 million to under \$25 million	\$67,400 <u>70,570</u>	\$74,000	\$77,475
\$25 million to under \$50 million	\$101,000 <u>105,750</u>	\$110,750	\$115,955
\$50 million to under \$100 million	\$202,000 <u>211,500</u>	\$221,500	\$232,000
\$100 million to under \$200 million	\$335,400 <u>351,200</u>	\$367,700	\$385,000
\$200 million to under \$500 million	\$679,900 <u>711,850</u>	\$745,300	\$780,000
\$500 million to under \$1 billion	\$878,000 <u>919,300</u>	\$962,500	\$1,008,000
\$1 billion to under \$2 billion	\$1,407,300 <u>1,159,300</u>	\$1,213,800	\$1,271,000
\$2 billion and over	\$1,858,200 <u>1,945,500</u>	\$2,037,000	\$2,133,000

**APPENDIX B.1**  
**PARTICIPATION FEES FOR SPECIFIED REGULATED ENTITIES**  
**Part 3.1 of the Rule**

<b>Row (Column A)</b>	<b>Specified Person or Company (Column B)</b>	<b>Participation Fee (Column C)</b>
<b><u>A. Specified Market Operators</u></b>		
<u>A1</u>	<u>Each specified market operator with a Canadian trading share for the specified period of up to 5%.</u>	<u>\$30,000</u>
<u>A2</u>	<u>Each specified market operator with a Canadian trading share for the specified period of 5% to up to 15%.</u>	<u>\$50,000</u>
<u>A3</u>	<u>Each specified market operator with a Canadian trading share for the specified period of 15% to up to 25%.</u>	<u>\$135,000</u>
<u>A4</u>	<u>Each specified market operator with a Canadian trading share for the specified period of 25% to up to 50%.</u>	<u>\$275,000</u>
<u>A5</u>	<u>Each specified market operator with a Canadian trading share for the specified period of 50% to up to 75%.</u>	<u>\$400,000</u>
<u>A6</u>	<u>Each specified market operator with a Canadian trading share for the specified period of 75% or more.</u>	<u>\$500,000</u>
<b><u>B. Exchanges Exempt from Recognition under the Act</u></b>		
<u>B1</u>	<u>Each exchange that is exempted by the Commission from the application of subsection 21(1) of the Act.</u>	<u>\$10,000</u>
<b><u>C. Alternative Trading Systems</u></b>		
<u>C1</u>	<u>Each alternative trading system only for exchange-traded securities</u>	<u>\$17,000</u>
<u>C2</u>	<u>Each alternative trading system only for unlisted debt or securities lending.</u>	<u>\$8,750</u>
<u>C3</u>	<u>Each alternative trading system not described in Row C1 or C2</u>	<u>\$17,000</u>
<b><u>D. Clearing Agencies Recognized under the Act</u></b>		
<u>D1</u>	<u>Each clearing agency recognized under section 21.2 of the Act--</u>	
<u>D2</u>	<u>Total determined by aggregating fees in respect of each of the following services, to the extent applicable, provided by a recognized clearing agency to Ontario participants in the market:</u>	
<u>D3</u>	<u>Matching services, being the provision of facilities for comparing data respecting the terms of settlement of a trade or transaction.</u>	<u>\$10,000</u>
<u>D4</u>	<u>Netting services, being the provision of facilities for the calculation of the mutual obligations of participants for the exchange of securities and/or money.</u>	<u>\$20,000</u>
<u>D5</u>	<u>Settlement services, being services that ensure that securities are transferred finally and irrevocably from one participant to another in exchange for a corresponding transfer of money and/or vice versa.</u>	<u>\$20,000</u>
<u>D6</u>	<u>Acting as a central clearing counterparty by providing novation services, if the Commission does not place reliance on another regulator for direct oversight.</u>	<u>\$150,000</u>
<u>D7</u>	<u>Acting as a central clearing counterparty by providing novation services, if the Commission places reliance on another regulator for direct oversight.</u>	<u>\$70,000</u>

<b><u>Row (Column A)</u></b>	<b><u>Specified Person or Company (Column B)</u></b>	<b><u>Participation Fee (Column C)</u></b>
<u>D8</u>	<u>Depository services, being the provision of centralized facilities as a depository for securities.</u>	<u>\$20,000</u>
<u>E1</u>	<b><u>E. Clearing Agencies Exempt from Recognition under the Act</u></b> <u>Each clearing agency that is exempted by the Commission from the application of subsection 21.2(1) of the Act.</u>	<u>\$10,000</u>
<u>F1</u>	<b><u>F. Trade Repositories</u></b> <u>Each trade repository designated under subsection 21.2.2(1) of the Act.</u>	<u>\$30,000</u>

APPENDIX C – ACTIVITY FEES

Document or Activity	Fee
<b>A. Prospectus Filing</b>	
1. Preliminary or Pro Forma Prospectus in Form 41-101F1 (including if PREP procedures are used)  Notes:  (i) This applies to most issuers.  (ii) 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).	\$3,2503,750
2. Additional fee for Preliminary or Pro Forma Prospectus of a resource issuer that is accompanied by <del>engineering</del> technical reports	\$2,0002,500
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>	\$3,2503,750
4. Prospectus Filing by or on behalf of certain investment funds	
(a) Preliminary or Pro Forma Simplified Prospectus and Annual Information Form in Form 81-101F1 and Form 81-101F2  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.	\$400
(b) Preliminary or Pro Forma Prospectus in Form 41-101F2  Note: Where a single prospectus document is filed on behalf of more than one investment fund and the investment funds do not have similar investment objectives and strategies, \$3,2503,750 is payable for each investment fund.	The greater of (i) \$3,2503,750 per prospectus, and (ii) \$650 per investment fund in a prospectus.
5. Review of prospectus supplement in relation to a specified derivative (as defined in National Instrument 44-102 <i>Shelf Distributions</i> ) <del>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</del>	\$3,2503,750
6. Filing of prospectus supplement in relation to a specified derivative (as defined in National Instrument 44-102 <i>Shelf Distributions</i> ) for which the amount payable is determined with reference to the price, value or level of an underlying interest that is unrelated to the operations of securities of the issuer	\$500
<b>B. Fees relating to exempt distributions under OSC Rule 45-501 Ontario Prospectus and Registration Exemptions and NI 45-106 Prospectus and Registration Exemptions</b>	
1. Application for recognition, or renewal of recognition, as an accredited investor	\$500

Document or Activity	Fee
<p>2. Forms 45-501F1 and 45-106F1</p> <p>(a) 2. 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</p> <p>(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</p>	<p>\$500</p>
<p>3. Filing of a rights offering circular in Form 45-101F</p>	<p>\$2,000,750</p> <p>(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)</p>
<p><b>C. Provision of Notice under paragraph 2.42(2)(a) of NI 45-106 Prospectus and Registration Exemptions</b></p>	<p>\$2,000</p>
<p><b>D. Filing of Prospecting Syndicate Agreement</b></p>	<p>\$500</p>
<p><b>E. Applications for Relief, Approval or Recognition</b></p>	
<p>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(2.1), E(3), E(4) or E(4.1) below: <u>nor section E.1 or E.2</u></p> <p><i>Note: The following are included in the applications that are subject to a fee under this item:</i></p> <p>(i) <u>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;</u></p> <p>(ii) <u>approval of a compensation fund or contingency trust fund under section 110 of the Regulation;</u></p> <p>(iii) <u>approval of the establishment of a council, committee or ancillary body under section 21.3 of the Act;</u></p> <p>(iv) <u>deeming an issuer to be a reporting issuer under subsection 1(11) of the Act;</u></p> <p>(v) <u>except as listed in item E(4.1)(b), applications by a person or company under subsection 144(1) of the Act; and</u></p> <p>(vi) <u>except as provide in section E.1, exemption applications under section 147 of the Act.</u></p>	<p>\$3,250,500 for an application made under one eligible securities section and \$5,000,000 for an application made under two or more eligible securities sections (plus \$2,000 if none of the following is subject to, or is reasonably expected to become subject to, a participation fee under this Rule or OSC Rule 13-503 (Commodity Futures Act) Fees:</p> <p>(i) the applicant;</p> <p>(ii) an issuer of which the applicant is a wholly owned subsidiary;</p> <p>(iii) the investment fund manager of the applicant);</p> <p><u>(plus an additional fee of \$100,000 in connection with each particular application by a person or company under subsection 144(1) of the Act in respect of an application described in section E.1 if the particular application</u></p> <p><u>(a) reflects a merger of an exchange or clearing agency,</u></p> <p><u>(b) reflects an acquisition of a major part of the assets of an exchange or clearing agency,</u></p> <p><u>(c) involves the introduction of a new business that would significantly change the risk profile</u></p>

Document or Activity	Fee
	of an exchange or clearing agency, or <u>(d) reflects a major reorganization or restructuring of an exchange or clearing agency).</u>
2. An application for relief from any of the following: (a) this Rule.	\$1,500 <u>1,750</u>
2.1 An application for relief from any of the following: (ba) NI 31-102 <i>National Registration Database</i> ; (eb) NI 33-109 <i>Registration Information</i> ; (ec) section 3.11 [ <i>Portfolio manager – advising representative</i> ] of NI 31-103; (ed) section 3.12 [ <i>Portfolio manager – associate advising representative</i> ] of NI 31-103; (fe) section 3.13 [ <i>Portfolio manager – chief compliance officer</i> ] of NI 31-103; (f.4) section 3.14 [ <i>Investment fund manager – chief compliance officer</i> ] of NI 31-103; (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.	\$1,500
3. An application for relief from any of the following: (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 (e) section 3.8 [ <i>Scholarship plan dealer – chief compliance officer</i> ] of NI 31-103, (f) section 3.9 [ <i>Exempt market dealer – dealing representative</i> ] of NI 31-103, (g) section 3.10 [ <i>Exempt market dealer – chief compliance officer</i> ] of NI 31-103.	\$800
4. Application (a) under clause <u>subclause 1(10)(ba)(ii) of the Act</u> ; 	\$1,000

Document or Activity	Fee
<p>4.1 <u>Application</u></p> <p>(a) <u>under section 30 or subsection 38(3) of the Act or subsection 1(6) of the <i>Business Corporations Act</i>;</u></p> <p>(b) <u>under section 144 of the Act for an order to partially revoke a cease-trade order to permit trades solely for the purpose of establishing a tax loss, as contemplated under section 3.2 of National Policy 12-202 <i>Revocation of a Compliance-related Cease Trade Order</i>; and</u></p> <p>(c) <u>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).</u></p>	<p>Nil</p>
<p>5. <u>Application for approval under subsection 213(3) of the <i>Loan and Trust Corporations Act</i></u></p>	<p>\$1,500</p>
<p>6.</p> <p>(a) <u>Application made under subsection 46(4) of the <i>Business Corporations Act</i> for relief from the requirements under Part V of that Act</u></p> <p>(b) <u>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></u></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>	<p>\$400</p>
<p><b>E.1 <u>Market Regulation Recognitions and Exemptions</u></b></p> <p>(a) <u>Application for recognition of an exchange under section 21 of the Act;</u></p> <p>(b) <u>Application for exemption from the recognition of an exchange under section 21 of the Act;</u></p> <p>(c) <u>Application by clearing agencies for recognition under section 21.2 of the Act;</u></p> <p>(d) <u>Application for exemption from the recognition of a clearing agency under section 21.2 of the Act;</u></p>	<p>\$100,000</p> <p>\$75,000</p> <p>\$100,000</p> <p>\$75,000</p> <p><u>(plus an additional fee of \$100,000 in connection with each such application that</u></p> <p><u>(a) reflects a merger of an exchange or clearing agency,</u></p> <p><u>(b) reflects an acquisition of a major part of the assets of an exchange or clearing agency,</u></p> <p><u>(c) involves the introduction of a new</u></p>



Document or Activity	Fee
	<p><u>business that would significantly change the risk profile of an exchange or clearing agency, or</u></p> <p><u>(d) reflects a major reorganization or restructuring of an exchange or clearing agency).</u></p>
<p><b><u>E.2 Alternative Trading Systems</u></b></p> <p>Review of the initial Form 21-101F2 of a new alternative trading system</p>	<p>\$50,000</p>
<p><b>F. Pre-Filings</b></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 applicable fee that would be payable if the corresponding formal filing had proceeded at the same time as the pre-filing.</p>
<p><b>G. Take-Over Bid and Issuer Bid Documents</b></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>\$4,000<u>4,500</u></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>	<p>Nil</p>
<p><b>H. Registration-Related Activity</b></p>	
<p>1. New registration of a firm in one or more categories of registration</p>	<p>\$600<u>1,200</u></p>
<p>2. Change in registration category</p> <p><i>Note: This includes a dealer becoming an adviser or vice versa, or changing a category of registration within the general categories of dealer or adviser. A dealer adding a category of registration, such as a dealer becoming both a dealer and an adviser, is covered in the preceding item.</i></p>	<p>\$600<u>700</u></p>
<p>3. Registration of a new representative on behalf of a registrant firm</p> <p>Notes:</p> <p>(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></p> <p>(ii) <i>If an individual is registering as both a dealer and an adviser, the individual is required to pay only one activity fee.</i></p> <p>(iii) <i>A registration fee will not be charged if an individual makes an application to register with a new registrant firm within three months of terminating employment with his or her previous registrant firm if the individual's category of registration remains unchanged.</i></p>	<p>\$200 per individual</p>

Document or Activity	Fee
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	\$200 per individual
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	<del>\$2,000</del> <u>1,000</u>
6. Application for amending terms and conditions of registration	\$500
<b>I. Notice required under section 11.9 [<i>Registrant acquiring a registered firm's securities or assets</i>] or 11.10 [<i>Registered firm whose securities are acquired</i>] of NI 31-103</b>	<del>\$3,000</del> <u>3,500</u>
<b>J. Request for certified statement from the Commission or the Director under section 139 of the Act</b>	\$100
<b>K. Requests to the Commission</b>	
1. Request for a <del>photocopy</del> <u>copy</u> (in any format) of Commission <u>public records</u>	\$0.50 per <u>page</u> <u>image</u>
2. Request for a search of Commission <u>public records</u>	<del>\$150</del> <u>7.50</u> for each 15 minutes <u>search time</u> <u>spent by any person</u>
3. Request for one's own <del>Form 4</del> <u>individual registration form</u> .	\$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"> <li>(a) Annual financial statements and interim financial reports;</li> <li>(b) Annual information form filed under NI 51-102 <i>Continuous Disclosure Obligations</i> or NI 81-106 <i>Investment Fund Continuous Disclosure</i>;</li> <li>(c) Form 45-501F1 or Form 45-106F1 filed by a reporting issuer;</li> <li>(d) Notice under section 11.9 [<i>Registrant acquiring a registered firm's securities or assets</i>] of NI 31-103,</li> <li>(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;</li> <li>(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"> <li>(i) terms and conditions imposed on a registrant firm or individual, or</li> <li>(ii) an order of the Commission;</li> </ul> </li> <li>(f.1) Form 13-502F1;</li> <li>(f.2) Form 13-502F2;</li> <li>(f.3) Form 13-502F3A;</li> <li>(f.4) Form 13-502F3B;</li> <li>(f.5) Form 13-502F3C;</li> <li>(g) Form 13-502F4;</li> <li>(h) Form 13-502F5;</li> <li>(i) Form 13-502F6;</li> <li>(j) <u>Form 13-502F7</u>;</li> <li>(k) <u>Form 13-502F8</u>.</li> </ul>	<p>\$100 per business day</p> <p>(subject to a maximum aggregate fee of \$5,000</p> <ul style="list-style-type: none"> <li>(i) per fiscal year, for a reporting issuer, for all documents required to be filed within a fiscal year of the issuer, and</li> <li>(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)</li> </ul> <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>A.1 Fee for late filing Forms 45-501F1 and 45-106F1</p>	<p>\$100 per business day</p> <p>(subject to a maximum aggregate fee of \$5,000 per fiscal year, for an issuer, for all Forms 45-501F1 and 45-106F1, required to be filed within a fiscal year of the issuer).</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 1<sup>st</sup> and ending on March 31<sup>st</sup>.)</p>

Document	Late Fee
	<p>The late fee does not apply to an insider if</p> <ul style="list-style-type: none"><li data-bbox="1101 302 1455 380">(a) the head office of the issuer is located outside Ontario, and</li><li data-bbox="1101 415 1455 541">(b) the insider is required to pay a late fee for the filing in a jurisdiction in Canada other than Ontario.</li></ul>

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

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

End date of last completed fiscal year: \_\_\_\_\_

**End date of reference fiscal year:**

**(A reporting issuer's reference fiscal year is the reporting issuer's last fiscal year ending before May 1, 2012, provided that it was a reporting issuer at the end of that fiscal year and, if it became a reporting issuer in that year as a consequence of a prospectus receipt, all or substantially all of its securities were listed or quoted on a marketplace at the end of that fiscal year. In any other case, it is the reporting issuer's 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 reference 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 reference fiscal year, computed with reference to clauses 2.7(1)(a)(ii)(A) and (B) and subsection 2.7(2) 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 reference fiscal year) (B)

**Market value of other securities not valued at the end of the last completed fiscal year any trading day in a month:** (See paragraph 2.7(1)(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(1)(b) of the Rule applies) (D)

**Capitalization for the last completed reference fiscal year**

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

**Participation Fee (determined without reference to subsections 2.2(3.1) of the Rule)**

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

Did the issuer become a reporting issuer in the previous fiscal year as a result of a prospectus receipt? If no, participation fee equals (iii) amount above. (iii)

If yes, prorate (iii) amount as calculated in subsection 2.2(3.1) of the Rule to determine participation fee. (iv)

**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: \_\_\_\_\_

End date of reference fiscal year: \_\_\_\_\_

(A reporting issuer's reference fiscal year is the reporting issuer's last fiscal year ending before May 1, 2012, provided that it was a reporting issuer at the end of that fiscal year and, if it became a reporting issuer in that year as a consequence of a prospectus receipt, all or substantially all of its securities were listed or quoted on a marketplace at the end of that fiscal year. In any other case, it is the reporting issuer's 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~~ reference 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) |
| Non-current borrowings (including the current portion)  | (D) |
| Finance leases (including the current portion)  | (E) |
| Non-controlling interest  | (F) |
| Items classified on the statement of financial position as non-current liabilities (and not otherwise listed above)   | (G) |
| Any other item forming part of equity and not set out specifically above  | (H) |

**Capitalization for the last ~~completed~~ reference 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)
- Non-current borrowings (including the current portion) (D)
- Finance leases (including the current portion) (E)
- Non-controlling interest (F)
- Items classified on the statement of financial position as non-current liabilities (and not otherwise listed above) (G)
- Any other item forming part of equity and not set out specifically above (H)

**Capitalization**

(Add items (A) through (H)) \_\_\_\_\_

**Participation Fee**

(From Appendix A of 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** \$960\*

(From subsection 2.2(2) of the Rule)

\* Note: The \$960 amount rises to \$1,070, effective April 7, 2014, and to \$1,195, effective April 6, 2015.

**Late Fee**, if applicable

(As determined under section 2.5 of the Rule) \_\_\_\_\_



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

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

End date of last completed fiscal year: \_\_\_\_\_

End date of reference fiscal year: \_\_\_\_\_

**(A reporting issuer's reference fiscal year is the reporting issuer's last fiscal year ending before May 1, 2012, provided that it was a reporting issuer at the end of that fiscal year and, if it became a reporting issuer in that year as a consequence of a prospectus receipt, all or substantially all of its securities were listed or quoted on a marketplace at the end of that fiscal year. In any other case, it is the reporting issuer's 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 reference 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 reference fiscal year (See section reference fiscal year, computed with reference to paragraph 2.9(1)(b) and subsection 2.9(2) 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 reference fiscal year**

(Add market value of all classes and series of securities) (A) + (B) = \_\_\_\_\_

**Participation Fee Otherwise Determined**

(From Appendix A A.1 of the Rule, select the participation fee beside the capitalization calculated above) \_\_\_\_\_ (C)

**Participation Fee Payable**

Did the issuer become a reporting issuer in the previous fiscal year as a result of a prospectus receipt?

If no, participation fee equals (C) amount above. \_\_\_\_\_ (C)

If yes, prorate (C) amount as calculated in subsection 2.2(3.1) of the Rule. \_\_\_\_\_ (D)

**Participation Fee Payable**

1/3 of (C) or \$960, whichever is greater  
(See subsection 2.2(3) of the Rule)

**Late Fee, if applicable**

(As determined under section 2.5 of the Rule) \_\_\_\_\_

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

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

End date of last completed fiscal year: \_\_\_\_\_

**End date of reference fiscal year:** \_\_\_\_\_

(A reporting issuer's reference fiscal year is the reporting issuer's last fiscal year ending before May 1, 2012, provided that it was a reporting issuer at the end of that fiscal year and, if it became a reporting issuer in that year as a consequence of a prospectus receipt, all or substantially all of its securities were listed or quoted on a marketplace at the end of that fiscal year. In any other case, it is the reporting issuer's 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 reference 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 reference fiscal year, computed with reference to clauses 2.7(1)(a)(ii)(A) and (B) and subsection 2.7(2) 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~~ reference fiscal year) \_\_\_\_\_ (B)

**Market value of other securities not valued at the end of any trading day in a month:**

(See paragraph 2.7(1)(b) of the Rule) \_\_\_\_\_ (C)

(Provide details of how value was determined)

(Repeat for each other class or series of securities to which paragraph 2.7(1)(b) of the Rule applies) \_\_\_\_\_ (D)

**Capitalization for the last completed reference fiscal year**

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

**Participation Fee (determined without reference to subsections 2.2(3.1) of the Rule)**

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

Did the issuer become a reporting issuer in the previous fiscal year as a result of a prospectus receipt? If no, participation fee equals (E) amount above. \_\_\_\_\_ (E)

If yes, prorate (E) amount as calculated in subsection 2.2(3.1) of the Rule to determine participation fee.

\_\_\_\_\_ (F)

**Late Fee**, if applicable

(As determined under section 2.5 of the Rule)

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**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~~ 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 firms that are unregistered investment fund managers (as defined in the Rule).
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~~ 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~~ reference fiscal year, ~~which is generally referred to in the Rule as its "previous. A firm's reference fiscal year is generally its last fiscal year ending before May 1, 2012. For further detail, see the definition of "reference fiscal year" in section 1.1 of the Rule.~~
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 (one selection)**

- 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 (one selection)

If no, end date of last completed reference 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 Reference fiscal year  
 \$

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

**Part I – IIROC Members**

- 1. Total revenue for relevant reference 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 reference 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 reference 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 <u>relevantreference</u> 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 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 <u>relevantreference</u> 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 <u>relevantreference</u> 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.

	<b>Name and Title</b>	<b>Signature</b>	<b>Date</b>
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~~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 Reference Fiscal Year: \_\_\_\_\_

End Date of Subsidiary Entity's Reference Fiscal Year: \_\_\_\_\_

(A subsidiary entity's reference fiscal year is generally its last fiscal year ending before May 1, 2012, provided that it was a reporting issuer at the end of that fiscal year. In any other case, it is the 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~~ reference 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~~ reference fiscal year;
- d) the market capitalization of the subsidiary entity for the ~~last completed~~ reference fiscal year was included in the market capitalization of the parent for the ~~last completed~~ reference fiscal year; and
- e) the net assets and total revenues of the subsidiary entity for its ~~last completed~~ reference fiscal year represented more than 90 percent of the consolidated net assets and total revenues of the parent for the parent's ~~last completed~~ reference fiscal year.

	<b>Net Assets for last <del>completed</del> <u>reference</u> fiscal year</b>	<b>Total Revenues for last <del>completed</del> <u>reference</u> fiscal year</b>	
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~~ reference 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~~ reference fiscal year;
- d) the market capitalization of the subsidiary entity for the ~~last completed~~ reference fiscal year was included in the market capitalization of the parent for the ~~last completed~~ reference fiscal year; and

- e) throughout the ~~last completed~~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 NI 51-102 *Continuous Disclosure Obligations*.

**FORM 13-502F7**  
**SPECIFIED REGULATED ENTITIES – PARTICIPATION FEE**

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

**Applicable calendar year:** \_\_\_\_\_ (2013 or later)

**Type of Specified Regulated Entity:**  
**(check one)**

- (1) Specified market operator, including recognized exchange
- (2) Alternative trading system
- (3) Recognized clearing agency
- (4) Exempt exchange, Exempt clearing agency or Trade Repository

**(1) Participation Fee for applicable calendar year -- Specified market operator, including recognized exchange**

Filer should enter their Canadian trading share for the period beginning on April 1 of the previous calendar year and ending on March 31 of the calendar year below:

<u>Canadian Trading Share Description</u>	<u>% (To be Entered by Filer)</u>
<u>Line 1: the share in the specified period of the total dollar values of trades of exchange-traded securities;</u>	
<u>Line 2: the share in the specified period of the total trading volume of exchange-traded securities;</u>	
<u>Line 3: the share in the specified period of the total number of trades of exchange-traded securities;</u>	
<u>Line 4: Average of Lines 1, 2 &amp; 3 above</u>	

<b><u>Line 5: Filer is required to Pay the Amount from the corresponding column in the table below based on the average calculated on Line 4 above:</u></b>	<b>\$</b>
---	-----------

<u>Canadian trading share for the specified period of up to 5%</u>	<u>\$30,000</u>
<u>Canadian trading share for the specified period of 5% to up to 15%</u>	<u>\$50,000</u>
<u>Canadian trading share for the specified period of 15% to up to 25%</u>	<u>\$135,000</u>
<u>Canadian trading share for the specified period of 25% to up to 50%</u>	<u>\$275,000</u>
<u>Canadian trading share for the specified period of 50% to up to 75%.</u>	<u>\$400,000</u>
<u>Canadian trading share for the specified period of 75% or more</u>	<u>\$500,000</u>

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

*Note: If all or substantially all of your gross revenues attributable to capital markets activities derive from the operation of an alternative trading system, enter the amounts described in Lines 6, 8, 9, 10 and 11, respectively. Otherwise, enter "\$0" on each of the applicable lines.*

Line 6: Amount Paid Based on Form 13-502F4 on December 31 of the preceding calendar year:	\$
Line 7: If operating an alternative trading system only for unlisted debt or securities lending enter \$8,750 on this line, otherwise enter \$17,000.	\$
Line 8: Sum Line 6 and Line 7	\$
Line 9: If operating an alternative trading system for exchange-traded securities, calculate Participation Fee based on Section (1) Specified Market Operator of this form. Enter amount from Line 5 on this line.	\$
Line 10: If operating an alternative trading system other than for exchange-traded securities enter \$30,000 on this line.	\$
Line 11: Subtract Line 9 or Line 10 from Line 8.	\$
<b>Line 12: Subtract Line 11 from the Amount Entered on Line 7. If positive, this is your Part 3.1 fee payable for the year. If zero or negative, there is no Part 3.1 fee payable and there is a refund due to you of the amount determined.</b>	\$

**(3) Participation Fee for applicable calendar year -- Recognized clearing agency**

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

<u>Services:</u>	<u>Fee Payable</u>
Line 13: Matching services, being the provision of facilities for comparing data respecting the terms of settlement of a trade or transaction. Enter \$10,000	\$
Line 14: Netting services, being the provision of facilities for the calculation of the mutual obligations of participants for the exchange of securities and/or money. Enter \$20,000	\$
Line 15: Settlement services, being services that ensure that securities are transferred finally and irrevocably from one participant to another in exchange for a corresponding transfer of money and/or vice versa. Enter \$20,000.	\$

Line 16: Acting as a central clearing counterparty by providing novation services, if the Commission does not place reliance on another regulator for direct oversight. Enter \$150,000	\$
Line 17: Acting as a central clearing counterparty by providing novation services, if the Commission places reliance on another regulator for direct oversight. Enter \$70,000.	\$
Line 18: Depository services, being the provision of centralized facilities as a depository for securities. Enter \$20,000.	\$
<b>Line 19: Total Fee Payable (Sum of Lines 13-18):</b>	\$

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

Line 20: Filer is required to Pay the Amount from the corresponding column in the table below.	\$
Exempt Exchange	\$10,000
Exempt clearing agency	\$10,000
Trade Repository	\$30,000

**Late Fee**

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

**FORM 13-502F8**  
**DESIGNATED RATING ORGANIZATIONS – PARTICIPATION FEE**

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

**Fiscal year end date:** \_\_\_\_\_

**Participation Fee** in respect of the fiscal year \$15,000

(From subsection 3.2.1(1) of the Rule)

**Late Fee**, if applicable

(From section 3.2.2 of the Rule)

**ANNEX D  
BLACKLINE SHOWING FINAL CHANGES TO  
ONTARIO SECURITIES COMMISSION  
COMPANION POLICY 13-502CP FEES**

This blackline shows the changes adopted on December 18, 2012 by the Commission to Companion Policy 13-502CP Fees. The changes become effective on April 1, 2013.

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**ONTARIO SECURITIES COMMISSION  
COMPANION POLICY 13-502CP FEES**

**PART 1 – PURPOSE OF COMPANION POLICY**

- 1.1 Purpose of Companion Policy** – The purpose of this Companion Policy is to state the views of the Commission on various matters relating to OSC Rule 13-502 *Fees* (the “Rule”), including an explanation of the overall approach of the Rule and a discussion of various parts of the Rule.

**PART 2 – PURPOSE AND GENERAL APPROACH OF THE RULE**

**2.1 Purpose and General Approach of the Rule**

- (1) The purpose of the Rule is to establish a fee regime that creates a clear and streamlined fee structure.
- (2) The fee regime of the Rule is based on the concepts of “participation fees” and “activity fees”.

**2.2 Participation Fees**

- (1) Reporting issuers, registrant firms and unregistered capital markets participants, as well as specified regulated entities and designated rating organizations, are required to pay participation fees annually. For the purposes of the Rule, “unregistered capital markets participants” are defined to mean “unregistered investment fund managers” and “unregistered exempt international firms”. The Subject to exceptions applying to an investment fund manager that has no place of business in Ontario, the Rule defines an “unregistered investment fund manager” to mean an “investment fund manager” that is not registered under the Act. (The term “investment fund manager” is defined in subsection 1(1) of the Act to mean “a person or company that directs the business, operations or affairs of an investment fund”).

The Rule defines “unregistered exempt international firms” to mean 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 ~~the~~ 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.

The term “dealer” is, in turn, defined in subsection 1(1) of the Act to mean “a person or company engaging in or holding himself, herself or itself out as engaging in the business of trading in securities”. Similarly, an adviser is defined in that subsection to mean “a person or company engaging in or holding himself, herself or itself out as engaging in the business of advising others as to the investing in or the buying or selling of securities”.

- (1.1) Participation fees are designed to cover the Commission’s costs not easily attributable to specific regulatory activities. The participation fee required of a market participant under Parts 2 of 3 of the Rule is based on a measure of the market participant’s size, which is used as a proxy for its proportionate participation in the Ontario capital markets. In the case of a reporting issuer, the participation fee is based on the issuer’s capitalization, which is used to approximate its proportionate participation in the Ontario capital markets. In the case of a registrant firm or unregistered capital markets participant, the participation fee is based on the firm’s revenues attributable to its capital markets activity in Ontario.
- (~~2~~1.2) Participation fees under Part 3.1 of the Rule are generally fixed annual amounts payable each calendar year. In the case of specified regulated entities to which Part 3.1 of the Rule applies, participation fees are generally specified for a particular organization or type of organization in Appendix B.1. The level of participation fees for recognized clearing agencies is determined by reference to the services they provide.
- (1.3) Participation fees for designated rating organizations under Part 3.2 of the Rule are \$15,000 per fiscal year.



(2) Participation fees under Parts 2 and 3 are determined with reference to capitalization or revenue from a market participant's "previous reference fiscal year", which is essentially, as defined in section 1.1 of the Rule as the, a market participant's "reference fiscal year" is generally the market participant's last fiscal year ending before May 1, 2012. There are two exceptions:

(a) where the market participant was **not** a reporting issuer, registrant firm or unregistered investment fund manager at the end of that fiscal year; and

(b) where the participant became a reporting issuer in that fiscal year by reason of being issued a receipt under the Act and all or substantially of its securities were not listed or quoted on a marketplace at the end of that fiscal year.

In these two cases, the participant's reference fiscal year is its last completed fiscal year at or before the time the participation fee is required to be paid—(which is defined in section 1.1 of the Rule as the market participant's "previous fiscal year"). In cases where the participant falls within an exception described in paragraph (a) or (b) above, the participation fee is determined with reference to the "previous fiscal year" (which advances from year to year), rather than with reference to a static "reference fiscal year". For example, for the purposes of subsection 3.1(1) of the Rule, if a new firm is registered in Ontario in 2013 and has annual fiscal years ending on March 31, its reference fiscal years for the 2013, 2014 and 2015 calendar years would be March 31, 2013, 2014 and 2015, respectively.

**2.3 Application of Participation Fees** – Although participation fees are determined by using with reference to information from a fiscal year of the payor ending before the time of their payment, ~~both corporate finance and capital markets participation fees~~ they are applied to the costs of the Commission of regulating the ongoing participation in Ontario's capital markets of the payor and other market participants.

**2.4 Registered Individuals** – The participation fee is paid at the firm level under the Rule. ~~That is~~ For example, a "registrant firm" is required to pay a participation fee, not an individual who is registered as a representative of the firm.

**2.5 Activity Fees** – Activity fees are generally charged where a document of a designated class is filed. Estimates of the direct cost of Commission resources expended in undertaking the activities listed in Appendix C of the Rule are considered in determining these fees (e.g., reviewing prospectuses, registration applications, and applications for discretionary relief). Generally, the activity fee charged for filing a document of a particular class is based on the average cost to the Commission of reviewing documents of the class.

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

(1) The Rule imposes an obligation to pay a participation fee on registrant firms, defined in the Rule as a person or company registered under the Act as a dealer, adviser or investment fund manager. An entity so registered may also be registered as a dealer or adviser under the *Commodity Futures Act*. Given the definition of "capital markets activities" under the Rule, the revenue of such an entity from its *Commodity Futures Act* activities must be included in its calculation of revenues when determining its fee under the Rule. Section 2.8 of OSC Rule 13-503 (*Commodity Futures Act*) Fees exempts such an entity from paying a participation fee under that rule if it has paid its participation fees under the *Securities Act* Rule.

(2) Note that dealers and advisers registered under the *Commodity Futures Act* are subject to activity fees under OSC Rule 13-503 (*Commodity Futures Act*) Fees even if they are not required to pay participation fees under that rule.

**2.7 No Refunds**

(1) Generally, a person or company that pays a fee under the Rule is not entitled to a refund of that fee. For example, there is no refund available for an activity fee paid in connection with an action that is subsequently abandoned by the payor of the fee. Also, there is no refund available for a participation fee paid by a reporting issuer, registrant firm or unregistered capital markets participant that loses that status later in the fiscal year in respect of which the fee was paid.

(2) An exception to this principle is provided in subsections 2.6.1(3) and 3.5(3) of the Rule. These subsections allow for a refund where a registrant firm overpaid an estimated participation fee.

(2.1) A further exception to this principle is provided under subsections 3.1.1(8) to (10). These subsections deal with a refund mechanism used to effect a cap of Part 3 and Part 3.1 participation fees for alternative trading systems, in an attempt to align the participation fees to those charged to other specified regulated entities.

- (3) The Commission will also consider requests for adjustments to fees paid in the case of incorrect calculations made by fee payors.

**2.8 Indirect Avoidance of Rule** – The Commission may examine arrangements or structures implemented by market participants and their affiliates that raise the suspicion of being structured for the purpose of reducing the fees payable under the Rule. For example, the Commission will be interested in circumstances in which revenues from registrable activities carried on by a corporate group are not treated as revenues of a registrant firm, thereby possibly artificially reducing the firm's specified Ontario revenues and, consequently, its participation fee.

### PART 3 – CORPORATE FINANCE PARTICIPATION FEES

**3.1 Application to Investment Funds** – Part 2 of the Rule does not apply to an investment fund if the investment fund has an investment fund manager. The reason for this is that under Part 3 of the Rule an investment fund's manager must pay a capital markets participation fee in respect of revenues generated from managing the investment fund.

**3.2 Late Fees** – Section 2.5 of the Rule requires a reporting issuer to pay an additional fee when it is late in paying its participation fee. Reporting issuers should be aware that the late payment of participation fees may lead to the reporting issuer being noted in default and included on the list of defaulting reporting issuers available on the Commission's website.

**3.3 Exemption for Subsidiary Entities** – Under section 2.6 of the Rule, an exemption from participation fees is available to a reporting issuer that is a subsidiary entity if, among other requirements, the parent of the subsidiary entity has paid a participation fee applicable to the parent under section 2.2 of the Rule determined with reference to the parent's capitalization for the parent's fiscal year. For greater certainty, this condition to the exemption is not satisfied in circumstances where the parent of a subsidiary entity has paid a fixed participation fee in reliance on subsection 2.2(2) or (3) of the Rule in lieu of a participation fee determined with reference to the parent's capitalization for its fiscal year.

#### **3.4 Determination of Market Value**

(1) Section 2.7 of the Rule requires the calculation of the capitalization of a Class 1 reporting issuer to include the total market value of classes of securities that may not be listed or quoted on a marketplace, but trade over the counter or, after their initial issuance, are otherwise generally available for sale. Note that the requirement that securities be valued in accordance with market value excludes from the calculation securities that are not normally traded after their initial issuance. In addition, also note that, if the issuer became a reporting issuer pursuant to clause (b) of the definition of "reporting issuer" in subsection 1(1) of the Act in its reference year because of being issued a prospectus receipt, month-end valuations do not include those before the issuer's securities were listed or quoted on a marketplace.

(2) When determining the value of securities that are not listed or quoted in any relevant month, a reporting issuer should use the best available source for pricing the securities. That source may be one or more of the following:

- (a) pricing services,
- (b) quotations from one or more dealers, or
- (c) prices on recent transactions.

(3) Note that market value calculation of a class of securities included in a calculation under section 2.7 of the Rule includes all of the securities of the class, even if some of those securities are still subject to a hold period or are otherwise not freely tradable.

(4) If the closing price of a security on a particular date is not ascertainable because there is no trade on that date or the marketplace does not generally provide closing prices, a reasonable alternative, such as the most recent closing price before that date, the average of the high and low trading prices for that date, or the average of the bid and ask prices on that date is acceptable.

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

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

#### **PART 4 – CAPITAL MARKETS PARTICIPATION FEES**

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

**4.2 Filing Forms under Section 3.5 of the Rule** – If the estimated participation fee paid under subsection 3.5(1) of the Rule by a registrant firm or unregistered exempt international firm does not differ from its true participation fee determined under paragraph 3.5(2)(b) of the Rule, the registrant firm is not required to file either a Form 13-502F4 or a Form 13-502F5 under paragraph 3.5(2)(d) of the Rule.

**4.24.3 Late Fees** – Section 3.6 of the Rule prescribes an additional fee if a participation fee is paid late. The Commission and the Director will, in appropriate circumstances, consider tardiness in the payment of fees as a matter going to the fitness for registration of a registrant firm. The Commission may also consider measures in the case of late payment of fees by an unregistered capital markets participant, such as: in the case of an unregistered investment fund manager, prohibiting the manager from continuing to manage any investment fund or cease trading the investment funds managed by the manager; or, in the case of an unregistered exempt international firm, making an order pursuant to section 127 of the Act, that the corresponding exemptions from registration requirements under which the firm acts do not apply to the firm (either permanently or for such other period as specified in the order).

**4.34.4 Form of Payment of Fees** – Registrant firms pay through the National Registration Database. ~~Unregistered capital markets participants make filings and pay fees under Part 3 of the Rule by paper copy. The filings and payment for unregistered investment fund managers should be addressed to the Commission (Attention: Manager, Investment Funds). The filings and payments for unregistered exempt international firms should be sent to the Ontario Securities Commission (Attention: Manager, Registrant Regulation).~~

**4.44.5 “Capital markets activities”**

- (1) A person or company must consider its capital markets activities when calculating its participation fee. The term “capital markets activities” is defined in the Rule to include “activities for which registration under the Act or an exemption from registration is required”. The Commission is of the view that these activities include, without limitation, carrying on the business of trading in securities, carrying on the business of an investment fund manager, providing securities-related advice or portfolio management services. The Commission notes that corporate advisory services may not require registration or an exemption from registration and would therefore, in those contexts, not be capital markets activities.
- (2) The definition of “capital markets activities” also includes activities for which registration or an exemption from registration under the *Commodity Futures Act* is required. The Commission is of the view that these activities include, without limitation, trading in commodity futures contracts, carrying on the business of providing commodity futures contracts-related advice and portfolio management services involving commodity futures contracts.

**4.54.6 Permitted Deductions** – Subsection 3.4(3) of the Rule permits certain deductions to be made for the purpose of calculating specified Ontario revenues for unregistered capital markets participants and registrant firms. The purpose of these deductions is to prevent the “double counting” of revenues that would otherwise occur.

**4.6 Application to Non-resident Unregistered Investment Fund Managers** – For greater certainty, the Commission is of the view that Part 3 of the Rule applies to non-resident unregistered investment fund managers managing investment funds distributed in Ontario on a prospectus exempt basis.

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

**4.74.8 Change of Status of Unregistered Investment Fund Managers** – Subsection 3.1(4) of the Rule reduces the participation fee otherwise payable after the end of a fiscal year under subsection 3.1(2) of the Rule by an unregistered investment fund manager that becomes a registrant firm. The reduction takes into account the imposition of a participation fee payable by registrant firms under subsection 3.1(1) of the Rule on December 31 of a calendar year and generally prevents the imposition of total participation fees in excess of total participation fees that would have been charged had there been no change of registration status.

**4.84.9 Confidentiality of Forms** – The material filed under Part 3 of the Rule will be kept confidential. The Commission is of the view that the material contains intimate financial, commercial and technical information and that the interests of the filers in non-disclosure outweigh the desirability of the principle that the material be available for public inspection.

## **PART 5 – OTHER PARTICIPATION FEES**

**5.1 General** – Participation fees are also payable annually by specified regulated entities and designated rating organizations under Parts 3.1 and 3.2 of the Rule.

**5.2 Specified Regulated Entities** – The calculation of participation fees under Part 3.1 of the Rule is generally determined with reference to described classes of entities. The classes, and their level of participation fees, are set out in Appendix B.1 of the Rule. To provide more equitable treatment among exchanges and alternative trading systems for exchange-traded securities and to take into account Part 3 participation fees payable by an alternative trading system entity for exchange-traded securities, its participation fee is adjusted under subsection 3.1.1(8) provided all of substantially of the entity's gross revenues from capital markets activities derive from the operation of an alternative trading system. For example, assume that participation fees under Part 3 for an eligible alternative trading system entity payable on December 31, 2012 was \$67,400 and the eligible entity's Canadian trading share is under 5%. In this case, the alternative trading system entity would pay the \$67,400 on December 31 when filing its Form 13-502F4. On April 30 when calculating its Part 3.1 fees payable the excess of \$37,400 (= \$67,400 (above) minus \$30,000 (Appendix B.1)) first reduces the Part III.1 fee payable from \$17,000 to nil. The unapplied part of the excess (\$20,400 = \$37,400 - \$17,000) is then refunded prior to June 1. A mechanism that is similar in principle applies to other alternative trading systems under subsections 3.1.1(9) and (10).

**5.3 Designated Rating Organizations-** The participation fees for designated rating organizations are a flat \$15,000 per fiscal year.