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The Ontario Securities Commission administers the
Securities Act of Ontario (R.S.O. 1990, c. S.5) and the
Commodity Futures Act of Ontario (R.S.O. 1990, c. C.20)

The Ontario Securities Commission

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Chapter 1

Notices

1.1 Notices

1.1.1 Notice of Commission Approval of OSC Rule 81-507 Extension to Ontario Instrument 81-506 Temporary Exemptions from National Instrument 81-104 Alternative Mutual Funds

NOTICE OF COMMISSION APPROVAL OF OSC RULE 81-507 EXTENSION TO ONTARIO INSTRUMENT 81-506 TEMPORARY EXEMPTIONS FROM NATIONAL INSTRUMENT 81-104 ALTERNATIVE MUTUAL FUNDS

February 24, 2022

Introduction

On January 18, 2022, the Ontario Securities Commission (the **OSC** or **we**) made as a rule under the *Securities Act* (Ontario) local OSC Rule 81-507 *Extension to Ontario Instrument 81-506 Temporary Exemptions from National Instrument 81-104 Alternative Mutual Funds* in Ontario (the **Rule**).

The Rule extends the blanket relief issued on January 28, 2021 by Ontario Instrument 81-506 *Temporary Exemptions from National Instrument 81-104 Alternative Mutual Funds* (the **OSC Blanket Order**) by 18 months. The OSC Blanket Order provides mutual fund restricted dealing representatives (**MFRIs**) in the Mutual Fund Dealers Association (**MFDA**) channel with additional proficiency options for distributing alternative mutual funds. Additional proficiency requirements support appropriate know your product and suitability assessments of alternative mutual funds by MFRIs for their clients. The OSC Blanket Order will cease to be effective on July 28, 2022, and the Rule will cause the relief provided in the OSC Blanket Order to be in force for an additional 18-month period from July 29, 2022 to January 29, 2024.

The text of the Rule is contained in Annex A of this notice and is also available on the OSC website at www.osc.ca.

Substance and Purpose

On January 3, 2019, the Canadian Securities Administrators (**CSA**) adopted amendments to National Instrument 81-102 *Investment Funds* that introduced alternative mutual funds to the Canadian retail market. These amendments aimed to provide retail investors with greater access to alternative investment strategies, while maintaining appropriate protections. However, the proficiency requirements to distribute alternative mutual funds in National Instrument 81-104 *Alternative Mutual Funds* (the **Proficiency Requirements**) pre-date the introduction of the alternative mutual funds regime. As a result, the Proficiency Requirements and existing course options do not necessarily address the specific differences between conventional mutual funds and alternative mutual funds.

Consequently, on January 28, 2021, the CSA issued blanket orders to provide additional proficiency course options to address two issues. First, to better align proficiency requirements with information on alternative mutual funds, and second, to ensure MFRIs seeking to distribute alternative mutual fund securities have the education, training and experience that is necessary to understand the structure, features and risks of any alternative mutual fund that they may wish to recommend to a client, to support investor protection.

The OSC Blanket Order will cease to be effective on July 28, 2022. The purpose of the Rule is to cause the blanket relief issued under the OSC Blanket Order to be extended for an additional 18-month period, from July 29, 2022, to January 29, 2024.

Without an extension, MFRIs in Ontario would no longer be able to rely on the additional proficiency course options provided under the OSC Blanket Order after July 28, 2022. This would result in an unlevel playing field for MFRIs in Ontario as equivalent blanket orders issued by the other CSA jurisdictions continue to be in effect and are not subject to an expiration date.

Authority for the Local Amendments

Paragraph 143.11(3)(b) of the *Securities Act* (Ontario) provides the authority for the making of a rule which extends a blanket order for a further period of up to 18 months, in accordance with section 143.3 to 143.6.

Delivery of Rule to Minister

The OSC delivered the Rule to the Minister of Finance on or about February 18, 2022. The Minister may approve or reject the Rule or return it for further consideration. If the Minister approves the Rule or does not take any further action, the Rule will come into force on July 29, 2022.

Questions

Please refer any questions to the following OSC staff:

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ANNEX A

**OSC RULE 81-507 EXTENSION TO ONTARIO INSTRUMENT 81-506 TEMPORARY EXEMPTIONS FROM
NATIONAL INSTRUMENT 81-104 ALTERNATIVE MUTUAL FUNDS**

Purpose

1. This Rule provides, in Ontario, a temporary extension to the exemptions provided in Ontario Instrument 81-506 *Temporary Exemptions from National Instrument 81-104 Alternative Mutual Funds*, pursuant to paragraph 143.11(3)(b) of the *Securities Act* (Ontario).

Extension of temporary exemptions

2. ***Section 11 of Ontario Instrument 81-506 Temporary Exemptions from National Instrument 81-104 Alternative Mutual Funds is amended by replacing “July 28, 2022” with “January 29, 2024”.***

Effective date

3. This Rule comes into force on July 29, 2022.

1.4 Notices from the Office of the Secretary

1.4.1 Buffalo Grand Hotel Inc. et al.

**FOR IMMEDIATE RELEASE
February 22, 2022**

**BUFFALO GRAND HOTEL INC.,
STINSON HOSPITALITY MANAGEMENT INC.,
STINSON HOSPITALITY CORP.,
RESTORATION FUNDING CORPORATION, and
HARRY STINSON,
File No. 2020-11**

TORONTO – The Commission issued an Order in the above named matter.

A copy of the Order dated February 22, 2022 is available at www.osc.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Canada Life Investment Management Ltd. et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief granted under subsection 62(5) of the Securities Act to permit extension of funds' prospectus lapse date by 155 days to allow combination of the funds' prospectus with the prospectus of other funds under common management – no conditions.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 62(5).

February 15, 2022

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO
(the Jurisdiction)

AND

IN THE MATTER OF
THE PROCESS FOR EXEMPTIVE RELIEF APPLICATIONS
IN MULTIPLE JURISDICTIONS

AND

IN THE MATTER OF
CANADA LIFE INVESTMENT MANAGEMENT LTD.
(the Filer)

AND

CANADA LIFE FLOATING RATE INCOME FUND
CANADA LIFE STRATEGIC INCOME FUND
CANADA LIFE GLOBAL BALANCED FUND
CANADA LIFE CANADIAN DIVIDEND FUND
CANADA LIFE CANADIAN FOCUSED GROWTH FUND
CANADA LIFE US ALL CAP GROWTH FUND
CANADA LIFE FOREIGN EQUITY FUND
(collectively, the Funds)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of the Funds for a decision under the securities legislation of the Jurisdiction (the **Legislation**) that the time limits for the renewal of the simplified prospectus of the Funds dated March 17, 2021 be extended to those time limits that would apply as if the lapse date was August 19, 2022. (the **Requested Relief**) Under the *Process for Exemptive Relief Applications in Multiple Jurisdictions* (for a passport application):

- (a) The Ontario Securities Commission is the principal regulator for this application; and
- (b) The Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in each of the other provinces and territories of Canada (together with Ontario, the **Jurisdictions**).

Interpretation

Terms defined in National Instrument 14-101 *Definitions* and MI 11-102 have the same meaning if used in this decision, unless otherwise defined.

Representations

This decision is based on the following facts represented by the Filer:

1. The head office of the Filer is located in London, Ontario. The Filer is a corporation governed under the laws of Canada. The Filer is a wholly-owned subsidiary of The Canada Life Assurance Company.
2. The Filer is registered as a portfolio manager in each province and territory of Canada and as an investment fund manager in each of Ontario, Québec and Newfoundland and Labrador. The Filer is registered as a commodity trading manager in Ontario.
3. Each of the Funds and each of the funds listed in Schedule A (the **Other Funds**) is a reporting issuer in the Jurisdictions.
4. Neither the Filer, nor any of the Funds or the Other Funds, are in default of securities legislation in any of the Jurisdictions.
5. The Filer is the manager and trustee of the Funds. The Filer is also the manager and trustee of the Other Funds listed in Schedule A.
6. Each Fund currently distributes its securities in the Jurisdictions pursuant to a simplified prospectus dated March 17, 2021, as amended by amendment no. 1 dated August 19, 2021, and an annual information form dated March 17, 2021, as amended by amendment no. 1 dated August 19, 2021 (collectively, the **Current Prospectus**). Each of the Other Funds currently distributes its securities in the Jurisdictions pursuant to the simplified prospectuses and annual information forms set forth in Schedule A.
7. The lapse date of the Current Prospectus under the Legislation is March 17, 2022 (the **Current Lapse Date**). Accordingly, under the Legislation, the distribution of securities of the Funds would have to cease on the Current Lapse Date unless: (i) the Funds file a *pro forma* simplified prospectus at least 30 days prior to the Current Lapse Date; (ii) the final simplified prospectus is filed no later than 10 days after the Current Lapse Date; and (iii) a receipt for the final simplified prospectus is obtained within 20 days after the Current Lapse Date.
8. The respective lapse dates of the current prospectuses of the Other Funds under the Legislation are August 19, 2022, September 8, 2022 and January 13, 2023.
9. The Filer wishes to combine the simplified prospectuses of the Other Funds with the Current Prospectus of the Funds in order to reduce renewal, printing and related costs of the Funds and the Other Funds. Offering the Funds and the Other Funds under one prospectus would facilitate the distribution of the Funds in the Jurisdictions under the same simplified prospectus and enable the Filer to streamline disclosure across the Filer's fund platform. As the Funds and the Other Funds are managed by the Filer, offering them under the same simplified prospectus would allow investors to more easily compare the features of the Funds and the Other Funds.
10. It is the Filer's intention to renew the simplified prospectus of the Funds and the Other Funds under the new Form 81-101F1, which will combine and streamline the existing disclosure in the simplified prospectus and annual information form into one document. As the simplified prospectuses, annual information forms and fund facts documents (together, the **Prospectus Documents**) of the Other Funds are very large documents and there is an in-depth internal review process that the Filer will need to undertake as part of both its customary annual review and to comply with the new requirements of Form 81-101F1, the Filer will not have sufficient time to finalize and file the final Prospectus Documents of the Other Funds by March 27, 2022, being the deadline to file the final Prospectus Documents of the Funds.
11. It would be impractical to alter and modify all the dedicated systems, procedures and resources required to prepare the Prospectus Documents of the Other Funds, and unreasonable to incur the costs and expenses associated therewith, so that the Prospectus Documents of the Other Funds can be filed earlier with the Prospectus Documents of the Funds.
12. The Filer may make minor changes to the features of the Other Funds as part of the process of renewing the Other Funds' Prospectus Documents in July or August 2022. The ability to file the Prospectus Documents of the Funds with those of the Other Funds will ensure that the Filer can make the operational and administrative features of the Funds and the Other Funds consistent with each other, if necessary.
13. There have been no material changes in the affairs of the Funds since the date of the Current Prospectus. Accordingly, the Current Prospectus and the fund facts documents represent the current information of the Funds.

14. Given the disclosure obligation of the Funds, should any material changes occur, the Current Prospectus of the Funds will be amended as required under the Legislation.
15. New investors of the Funds will receive delivery of the most recently filed fund facts document of the Funds. The Current Prospectus of the Funds will still be available upon request.
16. The Requested Relief will not affect the accuracy of the information contained in the Current Prospectus of the Funds and therefore will not be prejudicial to the public interest.

Decision

The principal regulator is satisfied that the decision meets the test set out in the Legislation for the principal regulator to make the decision.

The decision of the principal regulator under the Legislation is that the Requested Relief is granted.

“Darren McKall”

Manager, Investment Funds and Structured Products
Ontario Securities Commission

Application File #: 2022/0065

SCHEDULE A
THE OTHER FUNDS

OTHER FUNDS WITH AUGUST 19, 2022 LAPSE DATE:

SIMPLIFIED PROSPECTUS DATED AUGUST 19, 2021, AS AMENDED BY AMENDMENT NO. 1 DATED NOVEMBER 10, 2021

Fixed Income Funds

Canada Life Money Market Fund
Canada Life Pathways Money Market Fund
Canada Life Short-Term Bond Fund
Canada Life Canadian Core Bond Fund
Canada Life Pathways Core Bond Fund
Canada Life Canadian Core Plus Bond Fund
Canada Life Pathways Core Plus Bond Fund
Canada Life Canadian Tactical Bond Fund
Canada Life Pathways Global Core Plus Bond Fund
Canada Life Canadian Corporate Bond Fund
Canada Life North American High Yield Fixed Income Fund
Canada Life Unconstrained Fixed Income Fund
Canada Life Sustainable Global Bond Fund
Canada Life Global Multi-Sector Fixed Income Fund
Canada Life Pathways Global Multi Sector Bond Fund

Canadian Balanced Funds

Canada Life Canadian Fixed Income Balanced Fund
Canada Life Canadian Income Fund
Canada Life Monthly Income Fund
Canada Life Canadian Value Balanced Fund
Canada Life Canadian Growth Balanced Fund
Canada Life Canadian Stock Balanced Fund

Global Balanced Funds

Canada Life Global Monthly Income Fund
Canada Life Global Growth and Income Fund
Canada Life Global Value Balanced Fund
Canada Life Global Growth Balanced Fund
Canada Life Global Growth Opportunities Balanced Fund

Canadian Equity Funds

Canada Life Canadian Low Volatility Fund
Canada Life Canadian Core Dividend Fund
Canada Life Canadian Focused Dividend Fund
Canada Life Canadian Equity Fund
Canada Life Pathways Canadian Equity Fund
Canada Life Canadian Value Fund
Canada Life Canadian Growth Fund
Canada Life Pathways Canadian Concentrated Equity Fund
Canada Life Canadian Focused Value Fund
Canada Life Canadian Small-Mid Cap Fund

U.S. Equity Funds

Canada Life U.S. Low Volatility Fund
Canada Life U.S. Dividend Fund
Canada Life American Value Fund
Canada Life U.S. Value Fund
Canada Life U.S. Growth Fund
Canada Life Sustainable U.S. Equity Fund
Canada Life Pathways US Equity Fund
Canada Life Pathways US Concentrated Equity Fund
Canada Life U.S. Mid Cap Growth Fund

Global and Regional Equity Funds

Canada Life Global Low Volatility Fund
Canada Life Global Dividend Fund
Canada Life Sustainable Global Equity Fund
Canada Life Global All Cap Equity Fund
Canada Life Global Founders Fund
Canada Life Global Growth Equity Fund
Canada Life International Equity Fund
Canada Life International Growth Fund
Canada Life Pathways International Equity Fund
Canada Life Pathways International Concentrated Equity Fund
Canada Life Global Small-Mid Cap Growth Fund
Canada Life Pathways Emerging Markets Large Cap Equity Fund
Canada Life Pathways Emerging Markets Equity Fund
Canada Life Pathways Global Tactical Fund

Sector Funds

Canada Life Global Infrastructure Fund
Canada Life Global Real Estate Fund
Canada Life North American Specialty Fund
Canada Life Science and Technology Fund

Managed Solutions

Canada Life Diversified Fixed Income Portfolio
Canada Life Conservative Portfolio
Canada Life Moderate Portfolio
Canada Life Balanced Portfolio
Canada Life Advanced Portfolio
Canada Life Aggressive Portfolio
Canada Life Risk-Managed Conservative Income Portfolio
Canada Life Risk-Managed Balanced Portfolio
Canada Life Risk-Managed Growth Portfolio
Canada Life Sustainable Conservative Portfolio
Canada Life Sustainable Balanced Portfolio
Canada Life Sustainable Growth Portfolio

OTHER FUND WITH SEPTEMBER 8, 2022 LAPSE DATE:

SIMPLIFIED PROSPECTUS DATED SEPTEMBER 8, 2021

Sector Fund

Canada Life Global Resources Fund

OTHER FUNDS WITH JANUARY 13, 2023 LAPSE DATE:

SIMPLIFIED PROSPECTUS DATED JANUARY 13, 2022

U.S. Equity Fund

Canada Life U.S. Small-Mid Cap Growth Fund

Global and Regional Equity Funds

Canada Life Global Growth Opportunities Fund
Canada Life European Equity Fund
Canada Life Emerging Markets Equity Fund

Sector Fund

Canada Life Precious Metals Fund

2.1.2 Ninepoint Partners LP

Headnote

National Policy 11-203 Process for Exemptive Relief in Multiple Jurisdictions – Investment funds subject to National Instrument 81-102 Investment Funds that are “qualified institutional buyers” under the United States Securities Act of 1933 (US Securities Act) investing in unregistered fixed income securities pursuant to Rule 144A of the US Securities Act – Rule 144A exempts resales of unregistered securities by and to a “qualified institutional buyer” from the registration requirements of the US Securities Act – Public resales of 144A Securities to non-qualified institutional buyer subject to prescribed holding period – Prescribed holding period causes 144A Securities to be considered restricted securities under part (b) of the definition of “illiquid assets” in s. 1.1 of NI 81-102 notwithstanding that trades of 144A Securities between “qualified institutional buyers” are not subject to holding periods – Funds granted exemption providing that: (i) purchases by a Fund that is a “qualified institutional buyer” of 144A Securities are exempt from part (b) of the definition of “illiquid asset” in s. 1.1 of NI 81-102, and (ii) a Fund’s holdings of 144A Securities purchased as a “qualified institutional buyer” are excluded from consideration as an “illiquid asset” for the purposes of the illiquid asset restrictions in s. 2.4 of NI 81-102, subject to conditions.

Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 1.1, 2.4 and 19.1.

February 16, 2022

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO
(the Jurisdiction)**

AND

**IN THE MATTER OF
THE PROCESS FOR EXEMPTIVE RELIEF
APPLICATIONS
IN MULTIPLE JURISDICTIONS**

AND

**IN THE MATTER OF
NINEPOINT PARTNERS LP
(the Filer)**

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer, on behalf of all current and future mutual funds, exchange-traded funds, non-redeemable investment funds and alternative mutual funds that are, or will be, managed by the Filer or an affiliate of the Filer and to which NI 81-102 (as defined below) applies (collectively, the **Funds**) for a decision under the securities legislation of the

Jurisdiction (the **Legislation**) that grants exemptive relief to the Funds that:

- (a) the purchases by a Fund that is a Qualified Institutional Buyer (as defined below) at the time of purchase, of those fixed income securities that qualify for, and may be traded pursuant to, the exemption from the registration requirements of the *Securities Act of 1933*, as amended (the **US Securities Act**), as set out in Rule 144A of the US Securities Act (**Rule 144A**) for resales of certain fixed income securities (**144A Securities**) to “qualified institutional buyers” (as defined in the US Securities Act) are exempt from part (b) of the section 1.1 definition of an “illiquid asset” in National Instrument 81-102 *Investment Funds (NI 81-102)*; and
- (b) a Fund’s holdings of 144A Securities purchased as a Qualified Institutional Buyer are excluded from consideration as an “illiquid asset” for the purposes of section 2.4 of NI 81-102 (collectively, the **Exemption Sought**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a passport application):

- (a) the Ontario Securities Commission is the principal regulator for the application; and
- (b) the Filer has provided notice that Section 4.7(1) of Multilateral Instrument 11-102 *Passport System (MI 11-102)* is intended to be relied upon in Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Prince Edward Island, Québec, Saskatchewan and Yukon (together with Ontario, the **Canadian Jurisdictions**).

Interpretation

Terms defined in National Instrument 14-101 *Definitions*, MI 11-102 and NI 81-102 have the same meaning if used in this decision, unless otherwise defined. In addition to the defined terms used in this decision, capitalized terms used in this decision have the following meanings:

IRC means the independent review committee of the Funds.

Qualified Institutional Buyers has the same meaning as is given to such term in §230.144A of the US Securities Act.

Registered Securities means securities that have been registered with the United States Securities and Exchange Commission.

Representations

This decision is based on the following facts represented by the Filer on behalf of itself and the Funds:

The Filer and the Funds

1. The Filer is a limited partnership established under the laws of the Province of Ontario with its head office located in Toronto, Ontario.
2. The Filer is registered under the securities legislation: (i) in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, and Newfoundland and Labrador as an adviser in the category of portfolio manager; (ii) in Ontario, Newfoundland and Labrador and Quebec as an investment fund manager; and (iii) in British Columbia, Alberta, Quebec, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, and Newfoundland and Labrador as a dealer in the category of exempt market dealer. The Filer is also registered in Ontario as a commodity trading manager.
3. The Filer is, or will be, the investment fund manager of the Funds and the Filer, an affiliate of the Filer or a third-party portfolio manager retained by the Filer is, or will be, the portfolio manager of the Funds.
4. Each Fund is, or will be, an open-ended mutual trust or a class of a mutual fund corporation, including an exchange-traded fund, non-redeemable investment fund or an alternative mutual fund, organized and governed by the laws of a Jurisdiction or the laws of Canada.
5. Each Fund is, or will be, governed by the provisions of NI 81-102, subject to any exemption therefrom that has been, or may be, granted by the securities regulatory authorities.
6. As at the date of this decision, neither the Filer, nor any of the existing Funds, is in default of securities legislation in any of the Jurisdictions.

Definition of Illiquid Assets in NI 81-102 and 144A Securities

7. Pursuant to section 1.1 of NI 81-102, an "illiquid asset" is defined as:
 - (a) a portfolio asset that cannot be readily disposed of through market facilities on which public quotations in common use are widely available at an amount that at least approximates the amount at which the portfolio asset is valued in calculating the net asset value per security of the investment fund; or
 - (b) a restricted security held by an investment fund.
8. Rule 144A provides an exemption from the registration requirements of the US Securities Act

for resales of unregistered securities by and to Qualified Institutional Buyers. Rule 144A also requires that there must be adequate current public information about the issuing company before the sale can be made.

9. The definition of a Qualified Institutional Buyer under §230.144A of the US Securities Act includes several types of entities, but in general, such entities must, in the aggregate, own and invest on a discretionary basis at least USD\$100 million in securities of issuers that are not affiliated with such entity.
10. While issuers themselves cannot rely on Rule 144A, as Rule 144A provides an exemption for resales of unregistered securities, the existence of Rule 144A allows financial intermediaries to purchase unregistered securities from issuers and resell them to Qualified Institutional Buyers in transactions that comply with Rule 144A without registering such securities.
11. Pursuant to the terms of the US Securities Act, public resales of 144A Securities to non-Qualified Institutional Buyers are subject to certain holding periods which range from a minimum of six months to a minimum of one year depending on the issuer of the securities.
12. Though public resales of 144A Securities are subject to certain holding periods, 144A Securities may be traded among Qualified Institutional Buyers in accordance with Rule 144A without regard to any holding periods. 144A Securities may also be sold to and purchased by non-Qualified Institutional Buyers after registration of the securities, or pursuant to another exemption from registration under the US Securities Act, if any exemption is available at that time.
13. Because public resales of 144A Securities are subject to certain holding periods notwithstanding that Qualified Institutional Buyers may purchase 144A Securities in accordance with Rule 144A which does not require a holding period, they may be considered to be restricted securities for the purposes of the section 1.1 definition of an "illiquid asset" under NI 81-102, and each Fund's holdings of 144A Securities would be subject to the limits on holdings of illiquid assets in section 2.4 in NI 81-102 (the **Illiquid Asset Restrictions**).
14. The segment of each of the U.S. investment grade corporate bond market and U.S. high-yield corporate bond market that is made up of 144A Securities has increased substantially in the last five years. As a result, the average daily trading volume/market size has also increased. Given this, the Filer is of the view that (i) 144A Securities are liquid, and (ii) 144A Securities are an increasing part of the Funds' potential investment universe.

Reasons for the Exemption Sought

15. The Filer is of the view that certain 144A Securities provide an attractive investment opportunity for the Funds. Due to the definition of an "illiquid asset" under section 1.1 of NI 81-102, the Funds may be unable to pursue these investment opportunities without risking a breach of the Illiquid Asset Restrictions.
16. The ability of Qualified Institutional Buyers to freely trade 144A Securities pursuant to Rule 144A has substantially reduced the discounts and illiquidity that were present in unregistered offerings historically. The market for 144A Securities consists of a very deep pool of Qualified Institutional Buyers.
17. The most liquid 144A Securities have traded with comparable volumes to the most liquid corporate debt Registered Securities over the past few years. The segment of the U.S. investment grade corporate bond market that is made up of 144A Securities has grown substantially over the past 15 years. The segment of the U.S. high-yield corporate bond market that is made up of 144A Securities has also grown significantly over the past decade.
18. Daily market quotations are obtained in the same way through fixed income market platforms for 144A Securities as they are for Registered Securities. Real-time price quotes and market trade data are available for 144A Securities. Many fixed income trades including 144A Securities, are reported within minutes into the Trade Reporting and Compliance Engine, a program initially developed by the National Association of Securities Dealers, Inc. (now the Financial Industry Regulatory Authority, Inc.) that provides for the reporting of over-the-counter transactions pertaining to eligible fixed income securities, including 144A Securities, thus meeting market integrity requirements.
19. A Fund that qualifies as a Qualified Institutional Buyer at the time it purchases 144A Securities may trade those 144A Securities to another Qualified Institutional Buyer without further restriction. Typically, a Fund would sell 144A Securities to other brokers or dealers that are Qualified Institutional Buyers themselves, who would then on-sell the securities to other Qualified Institutional Buyers.
20. In addition to 144A Securities being freely tradable among Qualified Institutional Buyers immediately, 144A Securities may be sold to and purchased by retail investors under other available exemptions, such as Rule 144. Rule 144 allows a seller to sell 144A Securities to a purchaser who does not qualify as a Qualified Institutional Buyer after a prescribed period of time (ranging from six months to one year after issuance), if certain other reporting requirements of the issuer are satisfied.

21. A Fund is not required to maintain its Qualified Institutional Buyer status in order to be able to resell its holdings of 144A Securities to another Qualified Institutional Buyer at any time.
22. In the course of determining the potential liquidity of a security, the portfolio manager or sub-adviser may use several factors, including, but not limited to, market volatility, trending credit quality, current valuation, maturity, size of the tranche or offering, the applicable underwriters, the status of well-covered credit or first-time issuer, index eligibility, and in the case of 144A Securities, whether the security falls under "144A for life" status.
23. The Filer is of the view that it has the tools, resources and expertise necessary to assess issuances of 144A Securities and to evaluate the creditworthiness of corporations on a per issuance basis. The Filer has the ability to conduct sufficient analysis and should have the opportunity to invest in 144A Securities as if they were deemed liquid investments and are not "restricted securities" under part (b) of the section 1.1 definition of an "illiquid asset" under NI 81-102.
24. The purpose of the Illiquid Asset Restrictions is to govern a core mutual fund principle: investors should be able to redeem mutual fund securities on demand. Considering that 144A Securities trade in an active institutional market, the Filer is of the view that 144A Securities can be liquid relative to a Fund's need to satisfy redemptions. The result of the current definition of an "illiquid asset" in NI 81-102 is that all 144A Securities may be rendered illiquid under the definition, whereas 144A Securities may be more liquid than securities that meet the liquidity criteria set out in NI 81-102.
25. Exempting 144A Securities from the section 1.1, part (b) definition of an "illiquid asset" in NI 81-102 will not result in a Fund being unable to satisfy redemption requests. Investing in 144A Securities may actually be more beneficial to the Funds than various other securities in which the Funds may invest, and the liquidity determination regarding any such 144A Securities should be made on the actual trading liquidity of the security and not simply based on the manner in which the security was offered into the market.
26. The Filer maintains investor protection policies and procedures that address liquidity risk, and uses a combination of risk management tools, including (i) IRC approved governance policies that have been adopted to protect investors in the Funds, (ii) internal portfolio manager notification requirements of significant cash flows into the Funds, (iii) ongoing liquidity monitoring of each Fund's portfolio, and (iv) the consideration of factors in order to assess the potential liquidity of a security, including, but not limited to, trending credit quality, current valuation, maturity and index eligibility.

27. If a Fund no longer meets the requirements for qualifying as a Qualified Institutional Buyer, then the Filer's compliance department will immediately restrict any further purchases of 144A Securities until such time as the Fund regains its status as a Qualified Institutional Buyer.
28. It would not be prejudicial to the public interest to grant the Exemption Sought to the Funds. The Filer is of the view that by prohibiting the Funds from accessing and investing in 144A Securities, the Funds and their investors are losing out on potential investment opportunities in the fixed income space.

Decision

The principal regulator is satisfied that the decision meets the test set out in the Legislation for the principal regulator to make the decision.

The decision of the principal regulator under the Legislation is that the Exemption Sought is granted, provided that:

- (a) a Fund that purchases 144A Securities is a Qualified Institutional Buyer at the time of purchase;
- (b) the 144A Securities purchased pursuant to the Exemption Sought are not illiquid assets under part (a) of the section 1.1 definition of an "illiquid asset" in NI 81-102;
- (c) the 144A Securities purchased pursuant to the Exemption Sought are traded on a mature and liquid market; and
- (d) the prospectus of each Fund relying on the Exemption Sought discloses, or will disclose in the next renewal of its prospectus following the date of this decision, the fact that the Fund has obtained the Exemption Sought.

"Darren McKall"
Manager, Investment Funds and Structured Products
Ontario Securities Commission

Application File #: 2022/0062
SEDAR File #: 3334832

2.1.3 Fidelity Investments Canada ULC

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief permitting each Fund to hold as cover, in respect of the requirement under section 2.8(1)(d) of National Instrument 81-102 Investment Funds, receivables arising from declared dividends to facilitate "equitization" of those payments once declared, thereby permitting the Fund to track its applicable index in respect of the receivable or to otherwise invest the amount of the receivable, as applicable.

Statutes Cited

National Instrument 81-102 Investment Funds, ss. 2.8(1)(d) and 19.1.

February 16, 2022

IN THE MATTER OF THE SECURITIES LEGISLATION OF ONTARIO (the Jurisdiction)

AND

IN THE MATTER OF THE PROCESS FOR EXEMPTIVE RELIEF APPLICATIONS IN MULTIPLE JURISDICTIONS

AND

IN THE MATTER OF FIDELITY INVESTMENTS CANADA ULC (the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for an exemption, pursuant to section 19.1 of National Instrument 81-102 *Investment Funds* (**NI 81-102**) permitting all current and future mutual funds and exchange-traded funds that are, or will be, managed by the Filer or an affiliate of the Filer and to which NI 81-102 applies (the **Funds**), to hold as cover, in respect of the requirement under section 2.8(1)(d) of NI 81-102 that a mutual fund must not open or maintain a long position in a standardized future, unless the mutual fund holds cash cover in an amount that, together with margin on account for the specified derivative and the market value of the specified derivative, is not less than, on a daily mark-to-market basis, the underlying market exposure of the specified derivative (the **Cover Requirement**), one or more receivables (each, a **Receivable**) of the Fund arising as a result of a declaration or payment of a distribution, dividend or other payment on one or more Securities (as defined below) held by the Fund in order to equitize the Receivable during the period from the date that the Fund becomes entitled to receive the

Receivable until the date that the Receivable is actually received by the Fund, thereby permitting the Fund to seek to track its applicable index in respect of the Receivable or to otherwise invest the amount of the Receivable, as applicable (the **Exemption Sought**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a passport application):

- (a) the Ontario Securities Commission is the principal regulator for the application; and
- (b) the Filer has provided notice that Section 4.7(1) of Multilateral Instrument 11-102 *Passport System (MI 11-102)* is intended to be relied upon in Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Prince Edward Island, Québec, Saskatchewan and Yukon (together with Ontario, the **Jurisdictions**).

Interpretation

Terms defined in National Instrument 14-101 *Definitions* and MI 11-102 have the same meaning if used in this decision, unless otherwise defined.

Representations

This decision is based on the following facts represented by the Filer:

1. The Filer is a corporation amalgamated under the laws of Alberta and has its head office in Toronto, Ontario.
2. The Filer is registered as an investment fund manager in Ontario, Québec and Newfoundland and Labrador, as a portfolio manager in each of the Jurisdictions, as a commodity trading manager in Ontario and as a mutual fund dealer in each of the Jurisdictions.
3. The Filer or an affiliate of the Filer is, or will be, the investment fund manager of the Funds and the Filer, an affiliate of the Filer or a third-party portfolio manager retained by the Filer is, or will be, the portfolio manager of the Funds.
4. Each Fund is, or will be, an open-ended mutual fund or a class of a mutual fund corporation, including an exchange-traded fund, organized and governed by the laws of a Jurisdiction or the laws of Canada.
5. Each Fund is, or will be, governed by the provisions of NI 81-102, subject to any exemption therefrom that has been, or may be, granted by the securities regulatory authorities.
6. Neither the Filer nor the Funds are in default of securities legislation in any Jurisdiction.

7. Each Fund either seeks to track, or will seek to track, to the extent reasonably possible and before fees and expenses, the performance of a market index (an **Index**) (each, an **Index Fund**) or seeks to invest, or will seek to invest, its portfolio assets in accordance with its investment objective and investment strategies (each, a **non-Index Fund**).
8. In pursuing its investment objective, each Index Fund may invest in the constituent securities of the applicable Index or in a broadly diversified subset of constituent securities and/or other securities that, in the aggregate, approximates the applicable Index. In the case of each non-Index Fund, such non-Index Fund may invest in equity and fixed income securities and other financial instruments in accordance with that non-Index Fund's investment objective and investment strategies. Each equity security or financial instrument, such as a specified derivative, where the underlying interest is an equity security held by a Fund from time to time is referred to herein as a **Security**.
9. While a Security is held in the portfolio of a Fund, the issuer of that Security may declare payable, and make or pay, a distribution, a dividend, or another payment, such as in connection with a corporate action, on the Security. Once declared payable, that distribution, dividend or other payment becomes a Receivable of the applicable Fund effective as of the date of entitlement.
10. Under the rules and methodology that govern each Index, an Index treats each Receivable as an investable asset of the applicable Index and deems the amount of the Receivable to be invested in one or more of the constituent securities of the Index effective as of the date that securityholders of the applicable Security would first become entitled to receive the Receivable.
11. In order to meet its investment objective and to reduce any tracking error in respect of the applicable Index, each Index Fund opens and maintains a long position in one or more standardized futures during the period from the date that the Index Fund becomes entitled to receive the applicable Receivable until the date that the Receivable is actually received by the Index Fund.
12. Similarly, in order to meet its investment objective and to be as fully invested as possible, each non-Index Fund also opens and maintains a long position in one or more standardized futures during the period from the date that the non-Index Fund becomes entitled to receive the applicable Receivable until the date that the Receivable is actually received by the non-Index Fund.
13. In connection with each futures position held by a Fund, the Fund will hold and segregate, on a daily mark-to-market basis, the amount of cash actually

required to be paid by it on settlement of that futures position.

14. The Cover Requirement is based on the assumption that on termination or settlement of each futures position, the mutual fund is required to pay a gross amount equal to the mark- to-market value of the entire underlying market exposure of the standardized future. Accordingly, the Cover Requirement requires a mutual fund to hold a combination of cash cover, margin on account for the futures position and the market value of the futures position that has a value that is not less than, on a daily mark-to-market basis, the underlying market exposure of the futures position.

15. The purpose of the cash cover requirements in NI 81-102 is to prohibit an investment fund from leveraging its assets when using certain specified derivatives and to ensure that the investment fund is in a position to meet its obligations on the settlement date. This is evident from the definition of “cash cover”, which is defined as certain specific portfolio assets of the investment fund that have not been allocated for specific purposes and that are available to satisfy all or part of the obligations arising from a position in specified derivatives held by the investment fund. Currently, the definition of “cash cover” includes eight different categories of portfolio assets, including receivables of the investment fund arising from the disposition of portfolio assets, net of payables arising from the acquisition of portfolio assets.

16. In addition to the portfolio assets included in the definition of cash cover, each Fund would also like to include any Receivable of the Fund arising as a result of a declaration or a payment of a distribution, dividend or other payment on a Security for purposes of satisfying the Cover Requirement.

17. The inclusion of Receivables as an acceptable form of cover for purposes of the Cover Requirement will allow the Index Funds to track the applicable Index without creating unnecessary tracking error and will allow the non-Index Funds to be fully invested in accordance with their investment objectives. In each case, this may positively impact the performance of all of the Funds and the economic returns to investors.

18. Treating Receivables as cover for purposes of the Cover Requirements is consistent with the global market treatment of Receivables. Given the historically low risk of non-payment associated with Receivables and the need for the industry to have a consistent approach to the different market practices regarding the length of the period between entitlement to a Receivable and receipt of that Receivable, Receivables are treated generally as part of the applicable index by relevant index providers and as an asset of the applicable

investment fund by industry participants in most developed markets.

19. As each Fund enters into one or more of the relevant standardized futures in order to equitize each Receivable, the notional amount of the standardized futures position or positions will equal the dollar value of the applicable Receivable. As an asset of the Fund, each Receivable is available to serve as, and should be able to be used for, cash cover for the related standardized futures position or positions.

Decision

The principal regulator is satisfied that the decision meets the test set out in the Legislation for the principal regulator to make the decision.

The decision of the principal regulator under the Legislation is that the Exemption Sought is granted, provided that for each long position in a standardized future that a Fund opens or maintains in order to equitize a Receivable, the Fund holds, on each trading day, a combination of the amount of the Receivable, cash cover and margin or collateral posted by the Fund in connection with its obligation under that futures position that, in the aggregate, has a value that is not less than, on a daily mark-to-market basis, the underlying market exposure of the standardized future.

“Darren McKall”
Investment Funds and Structured Products
Ontario Securities Commission

Application File #: 2021/0592
SEDAR File #: 3289252

2.1.4 Manulife Investment Management Limited and the Funds listed in Schedule A

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted under subsection 62(5) of the Securities Act (Ontario) to permit extension of funds' prospectus lapse date by 143 days – Filer to incorporate offering of the funds under the same offering documents when they are renewed – Extension of lapse date will not affect the accuracy of the information contained in the prospectus.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 62(5).

February 16, 2022

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO
(the Jurisdiction)**

AND

**IN THE MATTER OF
THE PROCESS FOR EXEMPTIVE RELIEF
APPLICATIONS
IN MULTIPLE JURISDICTIONS**

AND

**IN THE MATTER OF
MANULIFE INVESTMENT MANAGEMENT LIMITED
(the Filer)**

AND

**IN THE MATTER OF
THE FUNDS LISTED IN
SCHEDULE A
(the Funds)**

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of the Funds for a decision under the securities legislation of the Jurisdiction (the **Legislation**) that the time limit for the renewal of the long form prospectus of the Funds dated March 30, 2021 (the **Prospectus**) be extended to the time limit that would apply if the lapse date of the Prospectus was August 20, 2022 (the **Exemption Sought**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a passport application):

- (i) the Ontario Securities Commission is the principal regulator for this application; and
- (ii) the Filer has provided notice that subsection 4.7(1) of Multilateral Instrument

11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in each of the other provinces and territories of Canada (together with Ontario, the **Jurisdictions**).

Interpretation

Terms defined in National Instrument 14-101 *Definitions* and MI 11-102 have the same meaning if used in this decision, unless otherwise defined.

Representations

This decision is based on the following facts represented by the Filer:

1. The Filer is a corporation amalgamated under the laws of Canada. The Filer's head office is located in Toronto, Ontario.
2. The Filer is registered as a portfolio manager in each province and territory of Canada, an investment fund manager in each of Ontario, Québec and Newfoundland and Labrador, a commodity trading manager in Ontario and a derivatives portfolio manager in Québec.
3. The Filer is the investment fund manager of the Funds.
4. Each of the Funds is an exchange-traded mutual fund (**ETF**) established under the laws of Ontario, and is a reporting issuer as defined in the securities legislation of each of the Jurisdictions.
5. Neither the Filer nor any of the Funds are in default of securities legislation in any of the Jurisdictions.
6. The Funds currently distribute securities in the Jurisdictions under the Prospectus. Securities of each of the Funds trade on the Toronto Stock Exchange.
7. Pursuant to subsection 62(1) of the *Securities Act* (Ontario) (the **Act**), the lapse date of the Prospectus is March 30, 2022 (the **Lapse Date**). Accordingly, under subsection 62(2) of the Act, the distribution of securities of each of the Funds would have to cease on the Lapse Date unless: (i) the Funds file a pro forma prospectus at least 30 days prior to the Lapse Date; (ii) the final prospectus is filed no later than 10 days after the Lapse Date; and (iii) a receipt for the final prospectus is obtained within 20 days of the Lapse Date.
8. The Filer is the investment fund manager of Manulife Multifactor Canadian SMID Cap Index ETF, Manulife Multifactor U.S. Small Cap Index ETF and Manulife Multifactor Emerging Markets Index ETF (the **August 20 Funds**), which currently distribute their securities to the public under a prospectus that has a lapse date of August 20, 2022 (the **August 20 Prospectus**).

9. The Filer wishes to combine the Prospectus with the August 20 Prospectus in order to reduce renewal, printing and related costs of the Funds and the August 20 Funds.
10. Offering the Funds and the August 20 Funds under one prospectus would facilitate the distribution of the Funds in the Jurisdictions under the same prospectus and enable the Filer to streamline disclosure across the Filer's fund platform. As the Funds and the August 20 Funds are all managed by the Filer, offering them under one prospectus (as opposed to two) will allow investors to more easily compare their features.
11. It would be unreasonable to incur the costs and expenses associated with preparing two separate renewal prospectuses given the proximity of the lapse dates.
12. There have been no material changes in the affairs of each Fund since the date of the Prospectus. Accordingly, the Prospectus and current ETF Facts of each Fund represents current information regarding such Fund.
13. Given the disclosure obligations of the Funds, should a material change in the affairs of any of the Funds occur, the Prospectus and current ETF facts document(s) of the applicable Fund(s) will be amended as required under the Legislation.
14. New investors in the Funds will receive the most recently filed ETF facts document(s) of the applicable Fund(s). The Prospectus will still be available upon request.
15. The Exemption Sought will not affect the accuracy of the information contained in the Prospectus and will therefore not be prejudicial to the public interest.

Decision

The principal regulator is satisfied that the decision meets the test set out in the Legislation for the principal regulator to make the decision.

The decision of the principal regulator under the Legislation is that the Exemption Sought is granted.

"Darren McKall"
Manager, Investment Funds and Structured Products
Ontario Securities Commission

Application File #: 2022/0067

SCHEDULE "A"

The Manulife Funds

Manulife Multifactor Canadian Large Cap Index ETF
Manulife Multifactor Developed International Index ETF
Manulife Multifactor U.S. Large Cap Index ETF
Manulife Multifactor U.S. Mid Cap Index ETF

2.1.5 Goldman Sachs & Co. LLC

Headnote

U.S. registered broker-dealer exempted from the dealer registration requirement in subsection 25(1) of the Act to permit its provision of certain prime brokerage services (which do not include the execution of trades) – Exemption limited to trades in “Canadian securities” (which the decision defines as a security that is not a “foreign security” as that term is defined in subsection 8.18(1) of NI 31-103) for certain (institutional) permitted clients – Exemption is subject to a 5-year sunset clause.

Applicable Legislative Provisions

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 1(1), 19, 19(1), 19(2), 25(1), 74 (1).

Instruments Cited

Multilateral Instrument 11-102 Passport System, ss. 4.4(c), 4.7, 4.7(1).

National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, ss. 1.1, 8.5, 8.18, 8.18, 8.21.

Form 31-103F1 Calculation of Excess Working Capital.

National Instrument 81-102 Investment Funds, Part 6.

Ontario Securities Commission Rule 13-502 Fees.

February 18, 2022

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO
(the Jurisdiction)**

AND

**IN THE MATTER OF
THE PROCESS FOR EXEMPTIVE RELIEF
APPLICATIONS
IN MULTIPLE JURISDICTIONS**

AND

**IN THE MATTER OF
GOLDMAN SACHS & CO. LLC
(the Filer)**

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer (the **Application**) for a decision under the securities legislation of the Jurisdiction (the **Legislation**) exempting the Filer from the dealer registration requirement under section 25(1) of the *Securities Act* (Ontario) (the **Act**) in respect of Prime Services (as defined below) relating to Canadian securities (as defined below) that are provided in Canada to Institutional Permitted Clients (as defined below) (the **Exemption Sought**).

The principal regulator granted similar relief to the Filer in a decision dated February 16, 2017, subject to a five-year sunset clause (the **Previous Decision**). The Previous Decision expired on February 16, 2022 (the **Termination Date**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a passport application):

- (a) the Ontario Securities Commission (**OSC**) is the principal regulator for this Application, and
- (b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in each of the other provinces and territories of Canada in which the Filer relies on the exemption found in section 8.18 [*International dealer*] of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**) other than the province of Alberta (the **Passport Jurisdictions** and together with the Jurisdiction, the **Jurisdictions**).

Interpretation

Terms defined in National Instrument 14-101 *Definitions* and MI 11-102 have the same meaning if used in this decision, unless otherwise defined.

For the purposes of this decision, the following terms have the following meanings:

"Canadian security" means a security that is not a foreign security;

"foreign security" has the meaning ascribed to that term in subsection 8.18(1) of NI 31-103;

"Institutional Permitted Client" shall mean a “permitted client” as defined in section 1.1 of NI 31-103, except for: (a) an individual, (b) a person or company acting on behalf of a managed account of an individual, (c) a person or company referred to in paragraph (p) of that definition unless that person or company qualifies as a permitted client under another paragraph of that definition, or (d) a person or company referred to in paragraph (q) of that definition unless that person or company has net assets of at least \$100 million as shown on its most recently prepared financial statements or qualifies as a permitted client under another paragraph of that definition;

"Prime Services" means any of the following: (a) settlement, clearing and custody of trades, client cash and securities positions; (b) financing of long inventory; (c) lending and delivering securities on behalf of a client pursuant to a margin agreement to facilitate client short sales; (d) securities borrowing and/or lending pursuant to a securities lending agreement; (e) asset servicing, and (f) reporting of positions, margin and other balances and activity. For greater clarity, Prime Services do not include execution of trades in securities;

"Prime Services Clients" means an Institutional Permitted Client to whom the Filer provides Prime Services in the Jurisdictions in respect of Canadian securities in addition to foreign securities.

Representations

This decision is based on the following facts represented by the Filer:

1. Goldman, Sachs & Co. converted to a New York limited liability company and, as part of the conversion, changed its name to Goldman Sachs & Co. LLC effective April 28, 2017. The head office of the Filer is located at 200 West Street, New York, NY 10282. The Filer is an indirect, wholly-owned subsidiary of The Goldman Sachs Group, Inc. (**GS Group**). GS Group is a bank holding company under the Bank Holding Company Act of 1956 (**BHC Act**) and financial holding company under amendments to the BHC Act. The Board of Governors of the Federal Reserve Board (**Federal Reserve Board**, or **FRB**) is the primary regulator of GS Group.
2. The Filer is registered as a broker-dealer with the United States (**U.S.**) Securities and Exchange Commission (**SEC**) and is a member of the Financial Industry Regulatory Authority (**FINRA**). This registration and membership permits the Filer to provide Prime Services in the U.S.
3. The Filer is a member of all major U.S. securities exchanges and U.S. commodity futures exchanges, including the New York Stock Exchange and NASDAQ as well as certain other exchanges or alternative marketplaces.
4. The Filer provides Prime Services in accordance with the Previous Decision.
5. The Filer has applied for the Exemption Sought in order to continue to provide Prime Services to Prime Services Clients after the Termination Date.
6. The Filer is a part of a global investment banking, securities and investment management firm that provides a wide range of financial services to a substantial and diversified client base that includes corporations, financial institutions, governments and high net worth individuals. Services provided to clients by the Filer include securities brokerage, clearance and settlement services and related financing and record keeping services. The Filer also acts as a dealer and provides underwriting, investment banking, corporate advisory, investment advisory and other related services traditionally provided by a full service broker-dealer, including execution and clearing services, and the carrying of accounts of clients introduced to the Filer by introducing brokers. As a full service broker-dealer, the Filer engages in principal trading in furtherance of its market-making, risk-mitigating hedging and underwriting activities.
7. The Filer provides trade execution services and Prime Services through two different business units and the two business units are separated by information barriers. The Filer relies on section 8.18 [*International dealer*] of NI 31-103 to provide trade execution services in respect of "foreign securities" as defined in that section with Canadian resident "permitted clients" as defined in NI 31-103. The Filer also relies on the exemptions found in section 8.5 [*Trades through or to a registered dealer*], in paragraphs (a), (b) and (f) of subsection 8.18(2) [*International dealer*], and in section 8.21 [*Specified debt*] of NI 31-103 to provide limited trade execution services in respect of securities of Canadian issuers.
8. The Prime Services provided by the Filer to its Prime Services Clients principally consist of the following: (a) settlement, clearing and custody of trades; (b) financing of long inventory; (c) securities borrowing and/or lending pursuant to a securities lending agreement or delivering securities on behalf of a client pursuant to a margin agreement, in each case, to facilitate client short sales; and (d) reporting of positions, margin and other balances and activity. For greater clarity, Prime Services do not include execution of trades in securities.
9. The Filer offers Prime Services to Institutional Permitted Clients in respect of Canadian securities and securities of non-Canadian issuers.
10. In the case of a Prime Services Client that is an investment fund subject to Part 6 of National Instrument 81-102 *Investment Funds* (**NI 81-102**), the custodianship requirements in Part 6 of NI 81-102 would only permit the Filer to provide the Prime Services to the investment fund as a sub-custodian of the investment fund in respect of portfolio assets held outside Canada and the Filer would provide Prime Services to an investment fund in compliance with the securities laws applicable to the investment fund, including Part 6 of NI 81-102 and the custody requirements set out in NI 31-103.
11. Prime Services Clients seek Prime Services from the Filer in order to separate the execution of a trade from the clearing, settlement, custody and financing of a trade. This allows the Prime Services Client to use many executing brokers, without maintaining an active, ongoing custody account with each executing broker. It also allows the Prime Services Client to consolidate settlement, clearing, custody and financing of securities in an account with the Filer.
12. The Filer's Prime Services Clients directly select their executing brokers. The Filer does not require its Prime Services Clients to use specific executing brokers through which Prime Services Clients must execute trades. Prime Services Clients send trade orders to the executing broker who carries out the trade. The executing broker will be an appropriately registered dealer or a person or company relying

- on an exemption from the dealer registration requirement that permits such executing broker to execute the trade for Prime Services Clients.
13. The Filer provides the Prime Services after the execution of the trade, but any commitment to provide financing or to lend or borrow securities in relation to a trade may be made prior to the execution of the trade. The executing broker will communicate the trade details to a Prime Services Client and the Filer or the Filer's clearing agent, as applicable. A Prime Services Client will also communicate the trade details to the Filer. For trades executed on a Canadian marketplace, the Filer will typically need to clear and settle the trades through a participant of the Canadian depository, clearing and settlement hub, CDS Clearing and Depository Services Inc.
 14. The Filer exchanges money or securities and holds the money or securities in an account for each Prime Services Client. If the Filer is clearing and settling the trade through a clearing agent, the Filer's clearing agent exchanges money or securities and holds the money or securities in an omnibus account for the Filer, who in turn maintains a record of the position held for the Prime Services Client on its books and records.
 15. On or following settlement, the Filer provides the other Prime Services as set out in paragraph 8.
 16. The Filer enters into written agreements with each of its Prime Services Clients for the provision of Prime Services.
 17. The Filer currently relies on the "international dealer exemption" under section 8.18 [*International dealer*] of NI 31-103 in the ten Canadian provinces and Yukon Territory to provide Prime Services in respect of "foreign securities" as defined in section 8.18 of NI 31-103. The Filer also relies on the "international adviser exemption" as set out in section 8.26 [*International adviser*] under NI 31-103 in the ten Canadian provinces and Yukon Territory and on the "permitted client non-resident investment fund manager" exemption under Part 2 of Multilateral Instrument 32-102 *Registration Exemptions for Non-Resident Investment Fund Managers* in Ontario for the other services it provides.
 18. The Filer is not registered under the securities legislation of any of the jurisdictions of Canada, is in the business of trading, and, in the absence of the Exemption Sought, cannot provide the full range of Prime Services in the Jurisdictions in respect of Canadian securities without registration, except as permitted under section 8.5 [*Trades through or to a registered dealer*], under the exemptions found in paragraphs (a), (b) and (f) of subsection 8.18(2) [*International dealer*], or under section 8.21 [*Specified debt*] of NI 31-103.
 19. The Filer is subject to regulatory capital requirements under the *Securities Exchange Act of 1934* (the **1934 Act**), specifically SEC Rule 15c3-1 *Net Capital Requirements for Brokers or Dealers (SEC Rule 15c3-1)* and SEC Rule 17a-5 *Reports to be Made by Certain Brokers and Dealers (SEC Rule 17a-5)*. The Filer has been approved by the SEC pursuant to SEC Rule 15c3-1 to use the alternative method of computing net capital contained in Appendix E to SEC Rule 15c3-1, and therefore files such supplemental and alternative reports as may be prescribed by the SEC. The Alternative Net Capital (**ANC**) method provides large broker-dealers meeting specified criteria, such as the Filer, with an alternative to use mathematical models such as the value at risk model to calculate capital requirements for market and derivatives related credit risk. The Filer, who uses the ANC method, must document and implement a comprehensive internal risk management system which addresses market, credit, liquidity, legal and operational risk at the firm.
 20. SEC Rule 15c3-1 requires that the Filer account for any guarantee of debt of a third party in calculating its excess net capital when a loss is probable and the amount can be reasonably estimated. Accordingly, the Filer will, in the event that it provides a guarantee of any debt of a third party, take a deduction from net capital when both of the preceding conditions exist.
 21. SEC Rule 15c3-1 is designed to provide protections that are substantially similar to the protections provided by the capital formula requirements and specifically risk adjusted capital to which dealer members of the Investment Industry Regulatory Organization of Canada (**IIROC**) are subject. The Filer is in compliance with SEC Rule 15c3-1 and is in compliance in all material respects with SEC Rule 17a-5. If the Filer's net capital declines below the minimum amount required, the Filer is required to notify the SEC and FINRA pursuant to SEC Rule 17a-11 *Notification Provisions for Brokers and Dealers (SEC Rule 17a-11)*. The SEC and FINRA have the responsibility to provide oversight over the Filer's compliance with SEC Rule 15c3-1 and SEC Rule 17a-5.
 22. The Filer is required to prepare and file a financial report, which includes Form X-17a-5 (the **FOCUS Report**), which is the financial and operational report containing a net capital calculation, and a compliance report annually with the SEC and FINRA pursuant to SEC Rule 17a-5(d). The FOCUS Report provides a more comprehensive description of the business activities of the Filer, and more accurately reflects those activities including client lending activity, than would be provided by Form 31-103F1 *Calculation of Excess Working Capital (Form 31-103F1)* under NI 31-103. The net capital requirements computed using methods prescribed by SEC Rule 15c3-1 are based

- on all assets and liabilities on the books and records of a broker-dealer whereas Form 31-103F1 is a calculation of excess working capital, which is a computation based primarily on the current assets and current liabilities on the books and records of the dealer. The Filer is up-to-date in its submissions of annual reports under SEC Rule 17a-5(d), including the FOCUS Report.
23. The Filer is subject to regulations of the FRB, the SEC and FINRA regarding the lending of money, extension of credit and provision of margin to clients (the **U.S. Margin Regulations**) that provide protections that are substantially similar to the protections provided by the requirements regarding the lending of money, extension of credit and provision of margin to clients to which dealer members of IIROC are subject. In particular, the Filer is subject to the margin requirements imposed by the FRB, including Regulation T, and under applicable SEC rules and under FINRA Rule 4210. The Filer is in compliance in all material respects with applicable U.S. Margin Regulations.
 24. As a bank holding company, GS Group is subject to consolidated risk-based regulatory capital requirements which are computed in accordance with the applicable risk-based capital regulations of the FRB. GS Group is required by the FRB and the Federal Deposit Insurance Company (FDIC) to submit an annual plan that describes its strategy for a rapid and orderly resolution in the event of a material distress or failure (resolution plan). GS Group is also required by the FRB to submit, on an annual basis, a global recovery plan that outlines the steps that management could take to reduce risk, maintain sufficient liquidity and conserve capital in times of prolonged stress.
 25. The Filer holds customer assets in accordance with Rule 15c3-3 of the 1934 Act, as amended (**SEC Rule 15c3-3**). SEC Rule 15c3-3 requires the Filer to segregate and keep segregated all "fully-paid securities" and "excess margin securities" (as such terms are defined in SEC Rule 15c3-3) of its customers from its proprietary assets. In addition to the segregation of customers' securities, SEC Rule 15c3-3 requires the Filer to deposit an amount of cash or qualified government securities determined in accordance with a reserve formula set forth in SEC Rule 15c3-3 in an account entitled "Special Reserve Account for the Exclusive Benefit of Customers" of the Filer at separate banks and/or custodians. The combination of segregated securities and cash reserve are designed to ensure that the Filer has sufficient assets to cover all net equity claims of its customers and provide protections that are substantially similar to the protections provided by the requirements to which dealer members of IIROC are subject. If the Filer fails to make an appropriate deposit, the Filer is required to notify the SEC and FINRA pursuant to SEC Rule 15c3-3(i). The Filer is in material compliance with the possession and control requirements of SEC Rule 15c3-3.
 26. The Filer is a member of the Securities Investors Protection Corporation (**SIPC**) and, subject to the eligibility criteria of SIPC, Prime Services Clients' assets held by the Filer are insured by SIPC against loss due to insolvency.
 27. Subject to the decision requested prior to the February 16, 2022 expiry of the Previous Decision, the Filer is not in default of securities legislation or commodity futures legislation in any jurisdiction in Canada. The Filer is in compliance in all material respects with U.S. securities and commodity futures laws.
 28. The Filer submits that the Exemption Sought would not be prejudicial to the public interest because:
 - (a) the Filer is regulated as a broker-dealer under the securities legislation of the U.S., and is subject to the requirements referred to in paragraphs 19 to 26,
 - (b) the availability of and access to Prime Services in respect of Canadian securities is important to Canadian institutional investors who are active participants in the international marketplace,
 - (c) the Filer will provide Prime Services in the Jurisdictions in respect of Canadian securities only to Institutional Permitted Clients;
 - (d) the OSC has entered into a memorandum of understanding with the SEC regarding mutual assistance in the supervision and oversight of regulated entities that operate on a cross-border basis in the U.S. and Canada; and
 - (e) the OSC has entered into a memorandum of understanding with FINRA to provide a formal basis for the exchange of regulatory information and investigative assistance.
 29. The Filer is a "market participant" as that term is defined under subsection 1(1) of the Act. As a market participant, among other requirements, the Filer is required to comply with the record keeping and provision of information provisions under section 19 of the Act, which include the requirement to keep such books, records and other documents as are necessary for the proper recording of business transactions and financial affairs and the transactions executed on behalf of others and to deliver such records to the OSC if required.
 30. If in the future the Filer wishes to offer Prime Services in Alberta, the Filer will not rely on subsection 4.7(1) of MI 11-102 to passport this decision into Alberta.

Decision

The principal regulator is satisfied that the decision meets the test set out in the Legislation for the principal regulator to make the decision.

The decision of the principal regulator under the Legislation is that the Exemption Sought is granted so long as the Filer:

- (a) has its head office or principal place of business in the U.S.;
- (b) is registered as a broker-dealer under the securities legislation of the U.S., which permits the Filer to provide the Prime Services in the U.S.;
- (c) is a member of FINRA;
- (d) is a member of SIPC;
- (e) is subject to requirements over regulatory capital, lending of money, extension of credit, provision of margin, financial reporting to the SEC and FINRA, and segregation and custody of assets which provide protections that are substantially similar to the protections provided by the rules to which dealer members of IIROC are subject;
- (f) limits its provision of Prime Services in the Jurisdictions in respect of Canadian securities to Institutional Permitted Clients;
- (g) does not execute trades in Canadian securities with or for Prime Services Clients, except as permitted under applicable Canadian securities laws;
- (h) does not require its Prime Services Clients to use specific executing brokers through which Prime Services Clients must execute trades;
- (i) submits the financial report and compliance report as described in SEC Rule 17a-5(d) to the OSC on an annual basis, at the same time such reports are filed with the SEC and FINRA;
- (j) submits audited financial statements to the OSC on an annual basis, within 90 days of the Filer's financial year end;
- (k) submits to the OSC immediately a copy of any notice it files under SEC Rule 17a-11 or under SEC Rule 15c3-3(i) with the SEC and FINRA;
- (l) complies with the filing and fee payment requirements that would be applicable to the Filer if it were a registrant under OSC Rule 13-502 *Fees*;

(m) files in an electronic and searchable format with the OSC such reports as to any or all of its trading activities in Canada as the OSC may, upon notice, require from time to time; and

(n) pays the increased compliance and case assessment costs of the principal regulator due to the Filer's location outside Ontario, including, as required, the reasonable cost of hiring a third party to perform a compliance review on behalf of the principal regulator.

This decision shall expire five years after the date hereof.

This decision may be amended by the OSC from time to time upon prior written notice to the Filer.

"M. Cecilia Williams"
Commissioner
Ontario Securities Commission

"Frances Kordyback"
Commissioner
Ontario Securities Commission

Application File #: 2022/0027

2.2 Orders

2.2.1 Nodal Exchange, LLC – s. 144 of the OSA and ss. 38 and 78 of the CFA

Headnote

Section 144 of the Securities Act (Ontario) (OSA) and sections 38 and 78 of the Commodity Futures Act (Ontario) (CFA) – variation of an order exempting Nodal Exchange, LLC from the requirement to be registered as a commodity futures exchange under section 15 of the CFA and recognized as an exchange under section 21 of the OSA – extension of exemption from the registration requirement under section 22 of the CFA with respect to trades in contracts on Nodal Exchange by banks listed in Schedule I to the Bank Act (Canada) entering orders as principal and only for their own accounts.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 21, 144.

Commodity Futures Act, R.S.O. 1990, c. C.20, as am., ss. 15, 22, 38, 78.

**IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, CHAPTER S. 5, AS AMENDED
(THE OSA)**

AND

**IN THE MATTER OF
THE COMMODITY FUTURES ACT,
R.S.O. 1990, CHAPTER C.20, AS AMENDED
(THE CFA)**

AND

**IN THE MATTER OF
NODAL EXCHANGE, LLC**

ORDER

(Section 144 of the OSA and sections 38 and 78 of the CFA)

WHEREAS the Ontario Securities Commission (**Commission**) issued an order (**Exemption Order**) dated October 7, 2014 and varied on August 5, 2016, September 29, 2017 and March 11, 2021 exempting Nodal Exchange, LLC (**Nodal Exchange**) from the requirement to be recognized as an exchange under subsection 21(1) of the OSA and the requirement to be registered as a commodity futures exchange under subsection 15(1) of the CFA (**Exchange Relief**);

AND WHEREAS the Exemption Order also exempts trades in Nodal Contracts (as defined below) by a “hedger” as defined in subsection 1(1) of the CFA from the registration requirement under section 22 of the CFA (**Hedger Relief**);

AND WHEREAS the variation order dated August 5, 2016 exempted trades in Nodal Contracts by a bank listed in Schedule I to the *Bank Act* (Canada) (**Bank**) entering orders as principal and only for its own account from the registration requirement under section 22 of the CFA (**Bank Relief** and, together with the Hedger Relief, **Registration Relief**), effective for five years;

AND WHEREAS Nodal Exchange has filed an application under section 144 of the OSA and under sections 38 and 78 of the CFA requesting that the Commission issue an order extending the Bank Relief;

AND WHEREAS, based on the application and the representations made to the Commission by Nodal Exchange, the Commission has determined that it is not prejudicial to the public interest to vary the Exemption Order and to grant the Bank Relief;

IT IS ORDERED, pursuant to section 144 of the Act and Sections 38 and 78 of the CFA, that the Exemption Order is varied and restated as follows:

**IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, CHAPTER S. 5, AS AMENDED
(THE OSA)**

AND

IN THE MATTER OF
THE COMMODITY FUTURES ACT,
R.S.O. 1990, CHAPTER C.20, AS AMENDED
(THE CFA)

AND

IN THE MATTER OF
NODAL EXCHANGE, LLC

ORDER
(Section 147 of the OSA and sections 38 and 80 of the CFA)

WHEREAS the Ontario Securities Commission (**Commission**) issued an order (**Exemption Order**) dated October 7, 2014 and varied on August 5, 2016, September 29, 2017 and March 11, 2021 exempting Nodal Exchange, LLC (**Nodal Exchange**) from the requirement to be recognized as an exchange under subsection 21(1) of the OSA and the requirement to be registered as a commodity futures exchange under subsection 15(1) of the CFA (**Exchange Relief**);

AND WHEREAS the Exemption Order also exempts trades in Nodal Contracts (as defined below) by a “hedger” as defined in subsection 1(1) of the CFA (**Hedger**) from the registration requirement under section 22 of the CFA (**Hedger Relief**);

AND WHEREAS the variation order dated August 5, 2016 exempted trades in Nodal Contracts by a bank listed in Schedule I to the *Bank Act* (Canada) (**Bank**) entering orders as principal and only for its own account from the registration requirement under section 22 of the CFA (**Bank Relief** and, together with the Hedger Relief, **Registration Relief**), effective for five years;

AND WHEREAS Nodal Exchange has filed an application under section 144 of the OSA and under sections 38 and 78 of the CFA requesting that the Commission issue an order extending Bank Relief;

AND WHEREAS OSC Rule 91-503 *Trades in Commodity Futures Contracts and Commodity Futures Options Entered into on Commodity Futures Exchanges Situate Outside of Ontario* (**Rule 91-503**) exempts trades of commodity futures contracts or commodity futures options made on commodity futures exchanges not registered with or recognized by the Commission under the CFA from sections 25 and 53 of the OSA;

AND WHEREAS the deemed rule titled *In the Matter of Trading in Commodity Futures Contracts and Commodity Futures Options Entered into on Commodity Futures Exchanges in the United States of America* provides that section 33 of the CFA does not apply to trades entered into a commodity futures exchange designated by the United States (**U.S.**) Commodity Futures Trading Commission (**CFTC**) under the U.S. Commodity Exchange Act (**CEA**);

AND WHEREAS Nodal Exchange has represented to the Commission that:

1. Nodal Exchange is a limited liability company organized under the laws of the State of Delaware in the U.S. and is a wholly owned subsidiary of Nodal Exchange Holdings, LLC, a privately held limited liability company organized under the laws of the State of Delaware;
2. Nodal Exchange receives a majority of its revenue from transaction fees, which include electronic trading fees, surcharges for privately-negotiated transactions and other volume-related charges for contracts executed through the Nodal Exchange trading venue;
3. Nodal Exchange Holdings, LLC, as the holding company for Nodal Exchange, does not have operations of its own, does not have employees, relies upon the profits paid by its subsidiary and has limited contractual arrangements. Nodal Exchange is the primary employer and retains operational control;
4. Nodal Exchange is a designated contract market (**DCM**) by the CFTC, within the meaning of that term under the CEA. Nodal Exchange is subject to regulatory supervision by the CFTC, a U.S. federal regulatory agency. Nodal Exchange is obligated under the CEA to give the CFTC access to all records unless prohibited by law or such records are subject to solicitor-client privilege. The CFTC reviews, assesses and enforces Nodal Exchange's adherence to the CEA and regulations thereunder on an ongoing basis, including DCM core principles (**DCM Core Principles**) relating to the operation and oversight of Nodal Exchange's markets, including financial resources, systems and controls,

- maintenance of an orderly market, execution and settlement of transactions, rule-making and investor protection;
5. The CFTC's Division of Market Oversight, Market Compliance Section conducts regular in-depth reviews of each DCM's ongoing compliance with CFTC regulations in order to enforce its rules, prevent market manipulation and customer and market abuses, and to ensure the recording and safe storage of trade information. The results of these rule enforcement reviews are in most cases summarized in reports by the CFTC that are provided to the exchange;
 6. Nodal Exchange provides trading services for sophisticated commercial entities transacting in cash settled commodity futures contracts offered by Nodal Exchange that are based on electric power, natural gas, and environmental products (**Nodal Contracts**). Nodal Exchange offers over 1,000 power contracts settling to monthly peak or off-peak hours for hub, zone, or node locations within the organized power markets in the U.S. Nodal Exchange's commercial customers are comprised of both buy and sell side investors, including commercial and investment banks, corporations, money managers, proprietary trading firms, hedge funds, and other institutional customers. Until October 19, 2015, all Nodal Contracts were cleared through LCH.Clearnet Ltd. (**LCH.Clearnet**), which is recognized by the Commission as a clearing agency under section 21.2 of the OSA, by LCH.Clearnet clearing members. Since October 19, 2015, all Nodal Contracts are cleared through Nodal Clear, LLC (**Nodal Clear**), by Nodal Clear clearing members (**Nodal Clear Clearing Member**). Nodal Clear is carrying on business pursuant to an order of the Commission dated September 29, 2017 exempting it from the requirement to be recognized as a clearing agency under section 21.2 of the OSA;
 7. Nodal Exchange maintains and operates two electronic trading system known as Nodal T7 and Nodal LiveTrade, that function as electronic central limit order books (**Trading System**) where entities trade Nodal Contracts on a principal-to-principal basis for their proprietary accounts without the capability to trade through an intermediary in a fiduciary capacity such as a dealer or futures commission merchant (**FCM**);
 8. Nodal Exchange also performs clearing support services that are administrative processes that enable participants to access Nodal Clear in order to clear Nodal Contracts that were executed off-exchange (**Block Trades**) and on the Trading System. These clearing support services are administrative roles that consist of two primary functions: 1) verifying that each account holder's trading activity does not cause their account to exceed the trade risk limit (**TRL**) provided by the Nodal Clear Clearing Member and 2) systems support for position keeping and clearinghouse administration;
 9. Nodal Exchange does not have any offices or maintain other physical installations in Ontario or any other Canadian province or territory;
 10. Nodal Exchange offers direct access in Ontario to its Trading System and facilities to participants in Ontario (**Ontario Participants**). To obtain direct access to the Trading System and facilities of Nodal Exchange, an Ontario Participant must execute (i) a participant agreement with Nodal Exchange that requires, among other things, compliance with the rules of Nodal Exchange and all applicable laws relating to the use of Nodal Exchange, and (ii) a clearing agreement with a Nodal Clear Clearing Member unless the Ontario Participant is a Nodal Clear Clearing Member clearing for their own proprietary account (such participants on Nodal Exchange shall herein be referred to as **Nodal Exchange Participants**). Nodal Exchange Participants can transmit orders and trades directly into Nodal Exchange with the guarantee of a Nodal Clear Clearing Member;
 11. Ontario Participants may include certain Canadian financial institutions (within the meaning of such term in subsection 1.1(3) of National Instrument 14-101 *Definitions*) and certain other market participants that have a head office or principal place of business in Ontario, such as (i) dealers that are engaged in the business of trading commodity futures contracts in Ontario; (ii) utilities and other commercial enterprises that are exposed to risks attendant upon fluctuations in the price of a commodity; and (iii) institutional investors and proprietary trading firms. In each case, Ontario Participants will be (i) dealers that are engaged in the business of trading commodity futures contracts and commodity futures options in Ontario for their proprietary accounts, (ii) Hedgers, or (iii) Banks;
 12. Nodal Contracts fall within the definition of "commodity futures contract" as defined in section 1 of the CFA. As a result, Nodal Exchange is considered a "commodity futures exchange" as defined in section 1 of the CFA. Therefore, Nodal Exchange is prohibited from carrying on business in Ontario unless it is registered or exempt from registration as a commodity futures exchange under subsection 15(1) of the CFA;

13. As Nodal Exchange intends to provide Ontario Participants with access in Ontario to its Trading System and facilities to trade Nodal Contracts, Nodal Exchange is considered to be “carrying on business as a commodity futures exchange in Ontario”;
14. Nodal Exchange is not registered with or recognized by the Commission as a commodity futures exchange under the CFA and none of the Nodal Contracts have been accepted by the Director (as defined in the OSA) under the CFA. As a result, Nodal Contracts are also considered “securities” under paragraph (p) of the definition of “security” in section 1 of the OSA and Nodal Exchange is considered to be an “exchange” under the OSA. Therefore, Nodal Exchange is prohibited from carrying on business in Ontario unless it is recognized or exempt from recognition under subsection 21(1) of the OSA;
15. Further, while Nodal Contracts are also considered “securities” under paragraph (p) of the definition of “security” in section 1 of the OSA for the reasons outlined in the preceding paragraph, Nodal Contracts would not be considered “securities” under any other paragraph contained in that definition, nor would any Nodal Contract be considered a “derivative” as defined in section 1(1) of the OSA;
16. Similar to paragraph 12 above, since Nodal Exchange seeks to provide Ontario Participants with access in Ontario to trade Nodal Contracts, Nodal Exchange is considered to be “carrying on business as an exchange in Ontario”;
17. Additionally, the exemption from registration in subsection 32(a) of the CFA applies for trades “by a hedger through a dealer”. This exemption is not available for trades in Nodal Contracts by Ontario resident Hedgers that become Nodal Exchange Participants since they will have direct access to Nodal Exchange but will not be considered to be executing “through a dealer”. For this reason, Nodal Exchange is seeking continued Commission approval for the Hedger Relief;
18. Section 35.1 of the OSA provides that financial institutions are exempt from the requirement to be registered under the OSA to act as dealers provided that the conditions of the exemption are met. However, there is no corresponding exemption from registration for trades by financial institutions in the CFA. For this reason, Nodal Exchange is seeking Commission approval to extend the Bank Relief for an additional period of five years.
19. Nodal Exchange ensures that all applicants to become Nodal Exchange Participants must satisfy certain criteria, including, among other things: validly organized and in good standing, good reputation, business integrity and adequate financial resources to assume the responsibilities and privileges of being a Nodal Exchange Participant;
20. All Nodal Clear Clearing Members holding customer accounts to guarantee the trades of Nodal Exchange Participants under paragraph 10 are registered FCMs with the CFTC. Such Nodal Clear Clearing Members are subject to the compliance requirements of the CEA, the CFTC, and the National Futures Association as they relate to customer accounts, including various know-your-client, suitability, risk disclosure, anti-money laundering and anti-fraud requirements. These requirements, in conjunction with the margin requirements for Nodal Contracts applicable to Nodal Clear Clearing Members, and subsequently to their clients whose trades they guarantee, ensure that Ontario Participants seeking to become Nodal Exchange Participants that are not also Nodal Clear Clearing Members are subjected to appropriate due diligence procedures and fitness criteria. In addition, Nodal Exchange Participants are responsible for, among other things, compliance with the rules of Nodal Exchange, as those rules relate to the entering and executing of transactions, and to comply with all applicable laws pertaining to the use of Nodal Exchange;
21. Based on the facts set out in the Application, Nodal Exchange satisfies the criteria for exemption set out in Appendix 1 of Schedule A to this order;

AND WHEREAS the Commission will monitor developments in international and domestic capital markets and Nodal Exchange’s activities on an ongoing basis to determine whether it is appropriate for the Commission to continue to grant the Exchange Relief or Registration Relief and, if so, whether it is appropriate for the Exchange Relief and Registration Relief to continue to be granted subject to the terms and conditions set out in Schedule A to this order;

AND WHEREAS Nodal Exchange has acknowledged to the Commission that the scope of the Exchange Relief or Registration Relief and the terms and conditions imposed by the Commission set out in Schedule A to this order may change as a result of its monitoring of developments in international and domestic capital markets or Nodal Exchange’s activities, or as a result of any changes to the laws in Ontario affecting trading in derivatives, commodity futures contracts, commodity futures options or securities;

AND WHEREAS based on the Application, together with the representations made by and acknowledgements of Nodal Exchange to the Commission, the Commission has determined that:

- a. Nodal Exchange satisfies the criteria for exemption set out in Appendix 1 of Schedule A;
- b. The granting of the Exchange Relief would not be prejudicial to the public interest; and
- c. The granting of the Registration Relief would not be prejudicial to the public interest;

IT IS HEREBY ORDERED by the Commission that:

- a. Pursuant to section 147 of the OSA, Nodal Exchange continues to be exempt from recognition as an exchange under subsection 21(1) of the OSA;
- b. Pursuant to section 80 of the CFA, Nodal Exchange continues to be exempt from registration as a commodity futures exchange under subsection 15(1) of the CFA;
- c. Pursuant to section 38 of the CFA, trades in Nodal Contracts by Hedgers who are Ontario Participants continue to be exempt from the registration requirement under section 22 of the CFA; and
- d. Pursuant to section 38 of the CFA, trades in Nodal Contracts by Banks who are Ontario Participants entering orders only for their own accounts are exempt from the registration requirement under section 22 of the CFA;

PROVIDED THAT

- a. Nodal Exchange complies with the terms and conditions attached hereto as Schedule A.
- b. The Bank Relief shall expire upon the coming into force of legislation or a rule by the Commission regarding the imposition of business conduct obligations on market participants in connection with the trading of exchange-traded derivatives with investors in Ontario.

DATED October 7, 2014 as varied and restated on August 5, 2016 and September 29, 2017, varied on March 11, 2021 and varied and restated on February 18, 2022.

“Frances Kordyback”
Commissioner
Ontario Securities Commission

“Cecilia Williams”
Commissioner
Ontario Securities Commission

SCHEDULE "A"
TERMS AND CONDITIONS

Meeting Criteria for Exemption

1. Nodal Exchange will continue to meet the criteria for exemption included in Appendix 1 to this schedule.

Regulation and Oversight of Nodal Exchange

2. Nodal Exchange will maintain its registration as a DCM with the CFTC and will continue to be subject to the regulatory oversight of the CFTC.
3. Nodal Exchange will continue to comply with the ongoing requirements applicable to it as a DCM registered with the CFTC.
4. Nodal Exchange must do everything within its control, which would include cooperating with the Commission as needed, to carry out its activities as an exchange exempted from recognition under subsection 21(1) of the OSA, as a commodity futures exchange exempted from registration under subsection 15(1) of the CFA, and in compliance with Ontario securities law and Ontario commodity futures law.

Access

5. Nodal Exchange will maintain and operate a Trading System where Nodal Exchange Participants trade on a principal-to-principal basis for their own proprietary accounts without the capability to trade through an intermediary in a fiduciary capacity such as a dealer or FCM.
6. Nodal Exchange will not provide direct access to an Ontario Participant unless the Ontario Participant is appropriately registered to trade in Nodal Contracts, has obtained an exemption from registration, is a Hedger, or is a Bank; in making this determination, Nodal Exchange may reasonably rely on a written representation from the Ontario Participant that specifies either that it is appropriately registered to trade in Nodal Contracts, has obtained an exemption from registration, is a Hedger, or is a Bank, and Nodal Exchange will notify such Ontario Participant that this representation is deemed to be repeated each time it enters an order for a Nodal Contract.
7. Each Ontario Participant that intends to rely on the Hedger Relief will be required to, as part of its application documentation or continued access to trading in Nodal Contracts:
 - (a) represent that it is a Hedger;
 - (b) acknowledge that Nodal Exchange deems the Hedger representation to be repeated by the Ontario Participant each time it enters an order for a Nodal Contract and that the Ontario Participant must be a Hedger for the purposes of each trade resulting from such an order;
 - (c) agree to notify Nodal Exchange if it ceases to be a Hedger;
 - (d) represent that it will only enter orders for its own account;
 - (e) acknowledge that it is a market participant under the CFA and is subject to applicable requirements; and
 - (f) acknowledge that its ability to continue to rely on the Hedger Relief in accessing trading on Nodal Exchange will be dependent on the Commission continuing to grant the relief and may be affected by changes to the terms and conditions imposed in connection with the Hedger Relief or by changes to Ontario securities laws or Ontario commodity futures laws pertaining to derivatives, commodity futures contracts, commodity futures options or securities.
8. Each Ontario Participant that intends to rely on the Bank Relief will be required to, as part of its application documentation or continued access to trading in Nodal Contracts:
 - (a) represent that it will only enter orders as principal and for its own account only;
 - (b) represent that it is a Bank;
 - (c) acknowledge that the Bank Relief may be affected by changes to the terms and conditions imposed in connection with the Bank Relief or by changes to Ontario securities laws or Ontario commodity futures laws pertaining to derivatives, commodity futures contracts, commodity futures options or securities; and

(d) represent that it is not engaging in activities prohibited by its governing legislation.

9. Nodal Exchange will require Ontario Participants to notify Nodal Exchange if their applicable registration or exemption from registration has been revoked, suspended or amended by the Commission or if they have ceased to be eligible for the Registration Relief and, following notice from the Ontario Participant or the Commission and subject to applicable laws, Nodal Exchange will promptly restrict the Ontario Participant's access to Nodal Exchange if the Ontario Participant is no longer appropriately registered with the Commission, or is no longer eligible for the Registration Relief.

Trading by Ontario Participants

10. Nodal Exchange will not provide access to an Ontario Participant to trading in exchange-traded products of an exchange other than those of Nodal Exchange, unless such other exchange has sought and received appropriate regulatory standing in Ontario.
11. Nodal Exchange will not provide access to an Ontario Participant to trading in Nodal Contracts other than those that meet the definition of "commodity futures contract" or "commodity futures option" as defined in subsection 1(1) of the CFA, and which also fall under paragraph (p) of the definition of "security" in subsection 1(1) of the OSA, without prior Commission approval.

Submission to Jurisdiction and Agent for Service

12. With respect to a proceeding brought by the Commission arising out of, related to, concerning or in any other manner connected with the Commission's regulation and oversight of the activities of Nodal Exchange in Ontario, Nodal Exchange will submit to the non-exclusive jurisdiction of (i) the courts and administrative tribunals of Ontario and (ii) an administrative proceeding in Ontario.
13. Nodal Exchange will submit to the Commission a valid and binding appointment of an agent for service in Ontario upon whom the Commission may serve a notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal, penal or other proceeding arising out of or relating to or concerning the Commission's regulation and oversight of Nodal Exchange's activities in Ontario.

Prompt Reporting

14. Nodal Exchange will notify staff of the Commission promptly of:
- (a) Any authorization to carry on business granted by the CFTC is revoked or suspended or made subject to terms or conditions on Nodal Exchange's operations;
 - (b) Nodal Exchange institutes a petition for a judgment of bankruptcy or insolvency or similar relief, or to wind up or liquidate Nodal Exchange or has a proceeding for any such petition instituted against it;
 - (c) A receiver is appointed for Nodal Exchange or Nodal Exchange makes any voluntary arrangement with creditors;
 - (d) Nodal Exchange is not in compliance with this Order or with any applicable requirements, laws or regulations of the CFTC;
 - (e) Any known investigations of, or disciplinary action against, Nodal Exchange by the CFTC or any other regulatory authority to which it is subject; and
 - (f) Nodal Exchange makes any material change to the eligibility criteria for Ontario Users.

Semi-Annual Reporting

15. Nodal Exchange will maintain the following updated information and submit such information in a manner and form acceptable to the Commission on a semi-annual basis (by July 31 for the first half of the calendar year and by January 31 of the following year for the second half), and at any time promptly upon the request of staff of the Commission:
- (a) a current list of all Ontario Users and whether the Ontario User is registered under Ontario securities laws or is exempt from or not subject to registration, and, to the extent known by Nodal Exchange, other persons or companies located in Ontario trading as customers of participants (**Other Ontario Participants**);
 - (b) the legal entity identifier assigned to each Ontario User, and, to the extent known by Nodal Exchange, to Other Ontario Participants in accordance with the standards set by the Global Legal Entity Identifier System;

- (c) a list of all Ontario Users against whom disciplinary action has been taken since the previous report by Nodal Exchange, or, to the best of Nodal Exchange's knowledge, by the CFTC with respect to such Ontario Users' activities on Nodal Exchange and the aggregate number of disciplinary actions taken against all participants since the previous report by Nodal Exchange;
- (d) a list of all active investigations since the previous report by Nodal Exchange relating to Ontario Users and the aggregate number of active investigations since the previous report relating to all participants undertaken by Nodal Exchange;
- (e) a list of all Ontario applicants for status as a participant who were denied such status or access to Nodal Exchange since the previous report, together with the reasons for each such denial; and
- (f) for each product,
 - (i) the total trading volume and value originating from Ontario Users, and, to the extent known by Nodal Exchange, from Other Ontario Participants, presented on a per Ontario User or per Other Ontario Participant basis; and
 - (ii) the proportion of worldwide trading volume and value on Nodal Exchange conducted by Ontario Users, and, to the extent known by Nodal Exchange, by Other Ontario Participants, presented in the aggregate for such Ontario Users and Other Ontario Participants;

provided in the required format.**Information Sharing**

16. Nodal Exchange will provide information (including additional periodic reporting) as may be requested from time to time by, and otherwise cooperate with, the Commission or its staff, subject to any applicable privacy or other laws (including solicitor-client

APPENDIX 1

CRITERIA FOR EXEMPTION

PART 1 REGULATION OF THE EXCHANGE

1.1 Regulation of the Exchange

The exchange is regulated in an appropriate manner in another jurisdiction by a foreign regulator (Foreign Regulator).

1.2 Authority of the Foreign Regulator

The Foreign Regulator has the appropriate authority and procedures for oversight of the exchange. This includes regular, periodic oversight reviews of the exchange by the Foreign Regulator.

PART 2 GOVERNANCE

2.1 Governance

The governance structure and governance arrangements of the exchange ensure:

- (a) effective oversight of the exchange,
- (b) that business and regulatory decisions are in keeping with its public interest mandate,
- (c) fair, meaningful and diverse representation on the board of directors (Board) and any committees of the Board, including:
 - i. appropriate representation of independent directors, and
 - ii. a proper balance among the interests of the different persons or companies using the services and facilities of the exchange,
- (d) the exchange has policies and procedures to appropriately identify and manage conflicts of interest, and
- (e) there are appropriate qualifications, remuneration, limitation of liability and indemnity provisions for directors, officers and employees of the exchange.

2.2 Fitness

The exchange has policies and procedures under which it will take reasonable steps, and has taken such reasonable steps, to ensure that each director and officer is a fit and proper person.

PART 3 REGULATION OF PRODUCTS

3.1 Review and Approval of Products

The products traded on the exchange and any changes thereto are reviewed by the Foreign Regulator, and are either approved by the Foreign Regulator or are subject to requirements established by the Foreign Regulator that must be met before implementation of a product or changes to a product.

3.2 Product Specifications

The terms and conditions of trading the products are in conformity with the usual commercial customs and practices for the trading of such products.

3.3 Risks Associated with Trading Products

The exchange maintains adequate provisions to measure, manage and mitigate the risks associated with trading products on the exchange including, but not limited to, margin requirements, intra-day margin calls, daily trading limits, price limits, position limits, and internal controls.

PART 4 ACCESS

4.1 Fair Access

- (a) The exchange has established appropriate written standards for access to its services including requirements to ensure
 - i. participants are appropriately registered as applicable under Ontario securities laws or Ontario commodity futures laws, or exempted from these requirements,
 - ii. the competence, integrity and authority of systems users, and
 - iii. systems users are adequately supervised.
- (b) The access standards and the process for obtaining, limiting and denying access are fair, transparent and applied reasonably.
- (c) The exchange does not unreasonably prohibit, condition or limit access by a person or company to services offered by it.
- (d) The exchange does not
 - i. permit unreasonable discrimination among participants, or
 - ii. impose any burden on competition that is not reasonably necessary and appropriate.

PART 5 REGULATION OF PARTICIPANTS ON THE EXCHANGE

5.1 Regulation

The exchange has the authority, resources, capabilities, systems and processes to allow it to perform its regulation functions, whether directly or indirectly through a regulation services provider, including setting requirements governing the conduct of its participants, monitoring their conduct, and appropriately disciplining them for violations of exchange requirements.

PART 6 RULEMAKING

6.1 Purpose of Rules

- (a) The exchange has rules, policies and other similar instruments (Rules) that are designed to appropriately govern the operations and activities of participants.
- (b) The Rules are not contrary to the public interest and are designed to
 - i. ensure compliance with applicable legislation,
 - ii. prevent fraudulent and manipulative acts and practices,
 - iii. promote just and equitable principles of trade,
 - iv. foster co-operation and co-ordination with persons or companies engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in the products traded on the exchange,
 - v. provide a framework for disciplinary and enforcement actions, and
 - vi. ensure a fair and orderly market.

PART 7 UE PROCESS

7.1 Due Process

For any decision made by the exchange that affects a participant, or an applicant to be a participant, including a decision in relation to access, exemptions, or discipline, the exchange ensures that:

- (a) parties are given an opportunity to be heard or make representations, and
- (b) it keeps a record of, gives reasons for, and provides for appeals or reviews of its decisions.

PART 8 CLEARING AND SETTLEMENT

8.1 Clearing Arrangements

The exchange has appropriate arrangements for the clearing and settlement of transactions through a clearing house.

8.2 Regulation of the Clearing House

The clearing house is subject to acceptable regulation.

8.3 Authority of Regulator

A foreign regulator has the appropriate authority and procedures for oversight of the clearing house. This includes regular, periodic regulatory examinations of the clearing house by the foreign regulator.

8.4 Access to the Clearing House

- (a) The clearing house has established appropriate written standards for access to its services.
- (b) The access standards for clearing members and the process for obtaining, limiting and denying access are fair, transparent and applied reasonably.

8.5 Sophistication of Technology of Clearing House

The exchange has assured itself that the information technology used by the clearing house has been adequately reviewed and tested and provides at least the same level of safeguards as required of the exchange.

8.6 Risk Management of Clearing House

The exchange has assured itself that the clearing house has established appropriate risk management policies and procedures, contingency plans, default procedures and internal controls.

PART 9 SYSTEMS AND TECHNOLOGY

9.1 Systems and Technology

Each of the exchange's critical systems has appropriate internal controls to ensure completeness, accuracy, integrity and security of information, and, in addition, has sufficient capacity and business continuity plans to enable the exchange to properly carry on its business. Critical systems are those that support the following functions:

- (a) order entry,
- (b) order routing,
- (c) execution,
- (d) trade reporting,
- (e) trade comparison,
- (f) data feeds,
- (g) market surveillance,
- (h) trade clearing, and
- (i) financial reporting.

9.2 Information Technology Risk Management Procedures

The exchange has appropriate risk management procedures in place including those that handle trading errors, trading halts and circuit breakers.

PART 10 FINANCIAL VIABILITY

10.1 Financial Viability

The exchange has sufficient financial resources for the proper performance of its functions and to meet its responsibilities.

PART 11 TRANSPARENCY

11.1 Transparency

The exchange has adequate arrangements to record and publish accurate and timely trade and order information. This information is provided to all participants on an equitable basis.

PART 12 RECORD KEEPING

12.1 Record Keeping

The exchange has and maintains adequate systems in place for the keeping of books and records, including, but not limited to, those concerning the operations of the exchange, audit trail information on all trades, and compliance with, and/or violations of exchange requirements.

PART 13 OUTSOURCING

13.1 Outsourcing

Where the exchange has outsourced any of its key services or systems to a service provider, it has appropriate and formal arrangements and processes in place that permit it to meet its obligations and that are in accordance with industry best practices.

PART 14 FEES

14.1 Fees

- (a) All fees imposed by the exchange are reasonable and equitably allocated and do not have the effect of creating an unreasonable condition or limit on access by participants to the services offered by the exchange.
- (b) The process for setting fees is fair and appropriate, and the fee model is transparent.

PART 15 INFORMATION SHARING AND OVERSIGHT ARRANGEMENTS

15.1 Information Sharing and Regulatory Cooperation

The exchange has mechanisms in place to enable it to share information and otherwise co-operate with the Commission, self-regulatory organizations, other exchanges, clearing agencies, investor protection funds, and other appropriate regulatory bodies.

15.2 Oversight Arrangements

Satisfactory information sharing and oversight agreements exist between the Ontario Securities Commission and the Foreign Regulator.

PART 16 IOSCO PRINCIPLES

16.1 IOSCO Principles

To the extent it is consistent with the laws of the foreign jurisdiction, the exchange adheres to the standards of the International Organisation of Securities Commissions (IOSCO) including those set out in the "Principles for the Regulation and Supervision of Commodity Derivative Markets" (2011).

2.2.2 CNOOC Limited

Headnote

National Policy 11-206 Process for Cease to be a Reporting Issuer Applications – application for an order that the issuer is not a reporting issuer under applicable securities laws – requested relief granted.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 1(10)(a)(ii).

Citation: *Re CNOOC Limited*, 2022 ABASC 12

February 2, 2022

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ALBERTA AND
ONTARIO
(the Jurisdictions)

AND

IN THE MATTER OF
THE PROCESS FOR CEASE TO BE
A REPORTING ISSUER APPLICATIONS

AND

IN THE MATTER OF
CNOOC LIMITED
(the Filer)

ORDER

Background

The securities regulatory authority or regulator in each of the Jurisdictions (**Decision Maker**) has received an application from the Filer for an order under the securities legislation of the Jurisdictions (the **Legislation**) that the Filer has ceased to be a reporting issuer in all jurisdictions of Canada in which it is a reporting issuer (the **Order Sought**).

Under the Process for Cease to be a Reporting Issuer Applications (for a dual application):

- (a) the Alberta Securities Commission is the principal regulator for this application, and
- (b) this order is the order of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

Interpretation

Terms defined in National Instrument 14-101 *Definitions* and Multilateral Instrument 11-102 *Passport System* have the same meaning if used in this order, unless otherwise defined.

Representations

This order is based on the following facts represented by the Filer:

1. The Filer is a corporation governed by the laws of Hong Kong, with its head office located in Hong Kong.
2. The Filer is a reporting issuer in Alberta and Ontario.
3. The Filer became a reporting issuer in Ontario following the listing of the Filer's American Depositary Receipts (**ADRs**) on the Toronto Stock Exchange (the **TSX**) on September 18, 2013 (the **Listing Date**). At the time, the ADRs were listed and posted for trading on the New York Stock Exchange (the **NYSE**).
4. The Filer obtained an order from the Alberta Securities Commission on May 10, 2013 deeming the Filer to be a reporting issuer in Alberta effective as of the Listing Date. Prior to the Listing Date, the Filer was not a reporting issuer in any jurisdiction of Canada.
5. The Filer is not in default of securities legislation in any jurisdiction.
6. As of December 16, 2021, the issued and outstanding securities of the Filer consist of the ADRs, and 44,647,455,984 issued and outstanding ordinary shares (the **Ordinary Shares**), which include those Ordinary Shares represented by the ADRs. Each ADR represents 100 Ordinary Shares. The Filer does not have any debt securities outstanding.
7. The Ordinary Shares of the Filer are listed and traded on The Stock Exchange of Hong Kong Limited (**HKSE**) under the stock code "00883", and the Filer files continuous disclosure materials under Hong Kong securities laws and the listing rules of HKSE.
8. The ADRs were delisted from the New York Stock Exchange (the **NYSE**) as of the close of trading on October 22, 2021 (the **NYSE Delisting**). The ADRs were voluntarily delisted from the TSX on December 31, 2021 (the **TSX Delisting**).
9. The deposit agreement (the **Deposit Agreement**) among the Filer, the JPMorgan Chase Bank, N.A. (the **Depositary**) and the holders of the ADRs provides that after termination of the Deposit Agreement, the ADR holders may deliver their ADRs to the Depositary in exchange for Ordinary Shares or, if not so delivered, the Ordinary Shares associated with their ADRs will be sold by the Depositary and the proceeds held in trust for them.
10. Subsequent to the NYSE Delisting, the Filer filed a Form 15F with the SEC to deregister all classes of its registered securities and terminate its reporting

obligations under the 1934 Act (the **Deregistration**).

11. Prior to the Deregistration, the Filer relied on Part 4 of National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers* (**NI 71-102**). Since the Deregistration, the Filer has been relying on Part 5 of NI 71-102.

12. In support of the representations set forth below, the Filer has done the following with respect to the number of beneficial holders of Ordinary Shares and ADRs resident in Canada, and the number of Ordinary Shares and ADRs held by those beneficial owners:

- (a) undertaken a thorough examination of its share register;
- (b) reviewed SEC Form 13F filings to search for Canadian resident beneficial holders disclosing ownership positions;
- (c) made inquiries to TMX Trust Company, the Canadian co-transfer agent for the ADRs, CDS Clearing and Depository Services Inc., the Depository in its capacity as the US transfer agent for the ADRs, Hong Kong Registrars Ltd., the transfer agent for the Ordinary Shares (the **Hong Kong Transfer Agent**) and Central Clearing and Settlement System, the securities settlement system operated by Hong Kong Securities Clearing Company Limited;
- (d) examined the Hong Kong Transfer Agent's records;
- (e) examined a shareholder geographic distribution report obtained from Orient Capital, a wholly-owned subsidiary of Link Group, a global share registrar and technology solution provider.

13. The Filer has calculated Canadian resident beneficial securityholdings as of November 3, 2021, and the results were the following: 102,458,613 Ordinary Shares and 30,687 ADRs were beneficially held by 34 securityholders resident in Canada, 17 holding Ordinary Shares and 17 holding ADRs, representing 1.39% of all securityholders worldwide, and 0.24% of the total issued and outstanding Ordinary Shares.

14. Accordingly, residents of Canada do not, directly or indirectly, beneficially own more than 2% of each class or series of outstanding securities of the Filer worldwide, and they do not, directly or indirectly, comprise more than 2% of the total number of securityholders of the Filer worldwide.

15. In the past 12 months, the Filer has not taken any steps that indicate there is a market for its securities

in Canada, including conducting a prospectus offering in Canada, establishing or maintaining a listing on an exchange in Canada, or having its securities traded on a marketplace or any other facility in Canada for bringing together buyers and sellers where trading data is publicly reported, other than the listing of the ADRs on the TSX prior to the TSX Delisting.

16. The Filer issued a news release on December 17, 2021 announcing that it applied for an order to cease to be a reporting issuer in all Canadian jurisdictions in which it is a reporting issuer, and that if the order is granted the Filer will no longer be a reporting issuer in any jurisdiction of Canada. The Filer has not received any communications from its securityholders in response to this news release.

17. The Filer has provided a written undertaking to each of the Decision Makers to deliver to its Canadian securityholders all disclosure the Filer would be required to deliver to holders of its Ordinary Shares pursuant to Hong Kong law and the rules of the HKSE (the **Hong Kong Requirements**). The HKSE is one of the world's largest exchanges by market capitalization of listed companies, and in the view of the Filer, the Hong Kong Requirements mandate disclosure that will be adequate for Canadian resident beneficial security holders. The Filer also notes that Hong Kong is recognized as a "designated foreign jurisdiction" in NI 71-102.

Order

Each of the Decision Makers is satisfied that the order meets the test set out in the Legislation for the Decision Maker to make the order.

The decision of the Decision Maker under the Legislation is that the Order Sought is granted.

"Timothy Robson"
Manager, Legal
Corporate Finance
Alberta Securities Commission

OSC File #: 2021/0772

2.2.3 Kirkland Lake Gold Ltd.

Headnote

National Policy 11-206 Process for Cease to be a Reporting Issuer Applications – The issuer ceased to be a reporting issuer under securities legislation.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 1(10)(a)(ii).

February 18, 2022

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO
(the Jurisdiction)**

AND

**IN THE MATTER OF
THE PROCESS FOR CEASE TO BE
A REPORTING ISSUER APPLICATIONS**

AND

**IN THE MATTER OF
KIRKLAND LAKE GOLD LTD.
(the Filer)**

ORDER

Background

The principal regulator in the Jurisdiction has received an application from the Filer for an order under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) that the Filer has ceased to be a reporting issuer in all jurisdictions of Canada in which it is a reporting issuer (the **Order Sought**).

Under the Process for Cease to be a Reporting Issuer Applications (for a passport application):

- (a) the Ontario Securities Commission is the principal regulator for this application, and
- (b) the Filer has provided notice that subsection 4C.5(1) of Multilateral Instrument 11-102 *Passport System (MI 11-102)* is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador.

Interpretation

Terms defined in National Instrument 14-101 *Definitions* and MI 11-102 have the same meaning if used in this order, unless otherwise defined.

Representations

This order is based on the following facts represented by the Filer:

1. the Filer is not an OTC reporting issuer under Multilateral Instrument 51-105 *Issuers Quoted in the US. Over-the-Counter Markets*;
2. the outstanding securities of the Filer, including debt securities are beneficially owned, directly or indirectly, by fewer than 15 securityholders in each of the jurisdictions of Canada and fewer than 51 securityholders in total worldwide;
3. no securities of the Filer, including debt securities are traded in Canada or another country on a marketplace as defined in National Instrument 21-101 *Marketplace Operation* or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported;
4. the Filer is applying for an order that the Filer has ceased to be a reporting issuer in all of the jurisdictions of Canada in which it is a reporting issuer; and
5. the Filer is not in default of securities legislation in any jurisdiction.

Order

The principal regulator is satisfied that the order meets the test set out in the Legislation for the principal regulator to make the order.

The decision of the principal regulator under the Legislation is that the Order Sought is granted.

“Michael Balter”
Manager, Corporate Finance
Ontario Securities Commission

OSC File #: 2022/0074

2.2.4 Buffalo Grand Hotel Inc. et al. – ss. 127(8),
127(1)

File No.: 2020-11

IN THE MATTER OF
BUFFALO GRAND HOTEL INC.,
STINSON HOSPITALITY MANAGEMENT INC.,
STINSON HOSPITALITY CORP.,
RESTORATION FUNDING CORPORATION, and
HARRY STINSON

Timothy Moseley, Vice-Chair and Chair of the Panel

February 22, 2022

ORDER
(Subsections 127(8) and 127(1) of
the *Securities Act*, RSO 1990 c S.5)

WHEREAS the Ontario Securities Commission held a hearing in writing to consider a motion by Staff of the Commission to extend, until the conclusion of the merits hearing in a related matter (*Re Harry Stinson et al.*, file no. 2022-3), a temporary order dated November 16, 2021 (the **Temporary Order**) against Buffalo Grand Hotel Inc., Stinson Hospitality Management Inc., Stinson Hospitality Corp., Restoration Funding Corporation, and Harry Stinson (together, the **Respondents**);

ON READING the materials filed by Staff and on considering that the Respondents consent to an extension of the Temporary Order;

IT IS ORDERED that:

1. pursuant to subsection 127(8) and paragraph 2 of subsection 127(1) of the *Securities Act*, RSO 1990 c S.5 (the **Act**), all trading in any securities by or of the Respondents or any person on their behalf shall cease until 4:30 p.m. on March 9, 2022;
2. pursuant to subsection 127(8) and paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to the Respondents until 4:30 p.m. on March 9, 2022; and
3. a further hearing in this matter is set for March 9, 2022, at 10:00am by videoconference.

“Timothy Moseley”

2.4 Rulings

2.4.1 Citigroup Global Markets Inc. – ss. 38, 78 of the CFA

Headnote

Application for a Ruling pursuant to section 38 and 78 of the Commodity Futures Act (Ontario) (CFA) granting relief from the dealer registration requirement set out in section 22 of the CFA in connection with acting as a clearing broker in Give-Up Transactions involving commodity futures contracts and options on commodity futures contracts on exchanges located in Canada (Canadian Futures) to, from or on behalf of Canadian institutional permitted clients (institutional investors) – relief limited to trades in Canadian Futures for institutional permitted clients – relief subject to sunset clause.

Statutes Cited

Commodity Futures Act, R.S.O. 1990, c. C.20. as am., ss. 22, 38, 78.

National Instrument 31-103 Registration Requirements, Exemptions, and Ongoing Registrant Obligations, ss. 1.1, 8.18, 8.26.

February 15, 2022

IN THE MATTER OF
THE *COMMODITY FUTURES ACT*,
R.S.O. 1990, c. C. 20, AS AMENDED
(the CFA)

AND

IN THE MATTER OF
CITIGROUP GLOBAL MARKETS INC.
(the Filer)

RULING
(Sections 38 and 78 of the CFA)

WHEREAS on February 16, 2017, the Ontario Securities Commission (the **Commission**) made a ruling (the **Original Decision**) pursuant to Section 38 of the CFA exempting

- (a) the Filer from the dealer registration requirement set out in section 22 of the CFA in connection with providing Clearing Broker Services (as defined below) in Give-Up Transactions (as defined below) involving exchange-traded futures on exchanges located in Canada (**Canadian Futures**) to, from or on behalf of Institutional Permitted Clients (defined below); and
- (b) an Institutional Permitted Client from the dealer registration requirement in the CFA in connection with receiving Clearing Broker Services (as defined below) in Give-Up Transactions (as defined below) in Canadian Futures from the Filer;

AND WHEREAS the Original Decision is effective for a five-year period and will terminate on February 15, 2022 (the **Termination Date**);

AND WHEREAS the Commission received an application from the Filer (the **Application**) pursuant to Section 78 of the CFA for a decision to amend and restate the Original Decision to extend the Termination Date for a five-year period and to make certain revisions to update the Filer's representations to the Commission (the **Ruling**);

AND WHEREAS for the purposes of the Ruling "**Institutional Permitted Client**" shall mean a "permitted client" as defined in section 1.1 of National Instrument 31-103 *Registration Requirements, Exemptions, and Ongoing Registrant Obligations* (**NI 31-103**), except for:

- (a) an individual,
- (b) a person or company acting on behalf of a managed account of an individual,
- (c) a person or company referred to in paragraph (p) of that definition, unless the person or company qualifies as a permitted client under another paragraph of that definition, or
- (d) a person or company referred to in paragraph (q) of that definition unless that person or company has net assets of at least \$100 million as shown on its most recently prepared financial statements or qualifies as a permitted client under another paragraph of that definition;

and provided further that, for the purposes of the definition of “Institutional Permitted Client”, a reference in the definition of “permitted client” in section 1.1 of NI 31-103 to “securities legislation” shall be read as “securities legislation or Ontario commodity futures law, as applicable”;

AND UPON considering the Application and the recommendation of Staff of the Commission;

AND UPON the Filer having represented to the Commission as follows:

1. The Filer is a corporation formed under the laws of the State of New York. The Filer’s head offices are located at 388 Greenwich Street, New York, New York, 10013, United States of America (**U.S.**). The Filer is a wholly owned subsidiary of Citigroup Financial Products Inc., which in turn is indirectly wholly owned by Citigroup Inc.
2. The Filer is registered as a broker-dealer with the U.S. Securities and Exchange Commission (**SEC**), a member of the U.S. Financial Industry Regulatory Authority (**FINRA**), a registered futures commission merchant (**FCM**) with the U.S. Commodity Futures Trading Commission (**CFTC**), and a member of the U.S. National Futures Association (**NFA**).
3. The Filer is a member of major securities exchanges, including the American Stock Exchange, the Chicago Stock Exchange, the New York Stock Exchange, and the Philadelphia Stock Exchange. The Filer is a Foreign Approved Participant of the Montreal Exchange and a Registered Futures Commission Merchant of ICE Futures Canada, Inc. The Filer is also a member of the CME Group (including the Chicago Board of Trade), ICE Futures U.S., Inc., the New York Mercantile Exchange (including COMEX) and other principal U.S. commodity exchanges, and trades through affiliated or unaffiliated member firms on certain other exchanges, including exchanges in Canada, France, Italy, Japan, Singapore, Spain, Taiwan, Mexico, Korea and the United Kingdom.
4. In connection with its securities trading and advising activities, the Filer relies on the “international dealer exemption” under section 8.18 of NI 31-103 and the “international adviser exemption” under section 8.26 of NI 31-103 in the thirteen Canadian jurisdictions.
5. The Filer is not in default of securities legislation in any jurisdiction in Canada or under the CFA. The Filer is in compliance in all material respects with U.S. securities and commodity futures laws.
6. Citigroup Global Markets Canada Inc. (**CGMC**), an affiliate of the Filer, is a corporation organized under the laws of the Province of Ontario and has its head office in Toronto, Ontario. CGMC is registered as an investment dealer under the securities legislation in each of the jurisdictions of Canada and is a member of the Investment Industry Regulatory Organization of Canada (**IIROC**).
7. The Filer has been providing Clearing Broker Services (as defined below) in Give-Up Transactions (as defined below) involving Canadian Futures to, from or on behalf of Institutional Permitted Clients in reliance on the Original Decision since February 16, 2017. The Filer wishes to continue providing these services pursuant to the Ruling.
8. A **Give-Up Transaction** is a purchase or sale of futures contracts by a client that has an existing relationship with a clearing broker, but wishes to use the trade execution services of one or more other executing brokers for the purpose of executing such purchases or sales (**Subject Transactions**) on one or more markets. Under these circumstances, the executing broker executes the Subject Transactions as directed by the client and “gives up” such trades to the clearing broker for clearing, settlement, record-keeping, bookkeeping, custody and other administrative functions (**Clearing Broker Services**). The service provided by the executing broker is limited to trade execution only.
9. In a Give-Up Transaction, the clearing broker will maintain an account for the client that is administered in accordance with the terms and conditions of the account documentation of the clearing broker that has been signed by the client. The clearing broker will handle record keeping and collateral for the client. The client will not sign clearing account documentation with the executing broker, nor will the executing broker typically receive monies, margin or collateral directly from the client. Although the executing broker is responsible for its own record-keeping, bookkeeping, custody and other administrative functions (**Account Services**) in respect of its own clients, it does not, subject to any applicable regulatory requirements that may otherwise apply, provide Account Services for execution-only clients. Such Account Services remain the responsibility of the clearing broker. The clearing broker will have the primary relationship with the client and is contractually responsible for trade and risk monitoring as well as reporting trade confirmations and sending out monthly statements.
10. In order to enter into a Give-Up Transaction, a client will enter into a tri-party agreement, known as a “give-up agreement” (**Give-Up Agreement**), between an executing broker, a clearing broker, and the client. The Filer, as clearing broker, will generally use the *International Uniform Brokerage Execution Services (“Give-Up”) Agreement: Version 2017* (© Futures Industry Association, Inc. 2017), as may be revised from time to time, as the Give-Up Agreement entered into with Institutional Permitted Clients.

11. Each party to the Give-Up Agreement, including the Filer as clearing broker, will represent in the Give-Up Agreement that it will perform its obligations under the Give-Up Agreement in accordance with applicable laws, governmental, regulatory, self-regulatory, exchange or clearing house rules, regulations, interpretations, protocols and the customs and usages of the exchange or clearing house on which the transactions governed by the Give-Up Agreement are executed and cleared, as in force from time to time.
12. In Ontario, an Institutional Permitted Client would place orders for Canadian Futures for execution on Canadian futures exchanges with an Ontario-registered FCM, which would then be cleared locally on the applicable Canadian futures exchange by that Ontario-registered FCM (if qualified to do so) or another clearing member of the applicable Canadian futures exchange. The executed trades would be placed into a client omnibus account maintained by the Filer with the clearing member of the applicable Canadian futures exchange that locally clears the trades, and the executed trades would be booked by the Filer to the futures account of the Ontario client maintained with the Filer for trading on exchanges globally. In this arrangement, the Ontario-registered FCM would be responsible for all client-facing interactions relating to the execution of the Canadian Futures.
13. In the case of a Montréal Exchange-listed futures contract, a member of the Canadian Derivatives Clearing Corporation (**CDCC**) would clear the trade on the Filer's behalf. Therefore, trade execution would be done by an Ontario-registered FCM, the positions would be held at CDCC by a CDCC member (which could be, but would not necessarily have to be, the executing broker) and given up to the Filer at which the Ontario Institutional Permitted Client maintains a clearing account. The Filer would then carry the resulting positions in an account maintained on its books by the Institutional Permitted Client, and the Filer would call for and collect applicable margin from the Institutional Permitted Client. The Filer, in turn, would remit the required margin to the CDCC member that cleared the trades. That CDCC member would then make the required margin payment(s) to CDCC.
14. In respect of holding client assets, in order to protect customers in the event of the insolvency or financial instability of the Filer, the Filer is required under U.S. law to ensure that customer securities and monies be separately accounted for, segregated at all times from the securities and monies of the Filer and custodied exclusively with such banks, trust companies, clearing organizations or other licensed futures brokers and intermediaries as may be approved for such purposes under the U.S. *Commodity Exchange Act* (**CEA**) and the rules promulgated by the CFTC thereunder (collectively, the **Approved Depositories**). The Filer is further required to obtain acknowledgements from any Approved Depository holding customer funds or securities related to U.S.-based transactions or accounts that such funds and securities are to be separately held on behalf of such customers, with no right of set-off against the Filer's obligations or debts.
15. As a U.S. registered broker-dealer and FCM, the Filer is subject to regulatory capital requirements under the CEA and *Securities Exchange Act of 1934* (the **1934 Act**), specifically CFTC Regulation 1.17 *Minimum Financial Requirements for Futures Commission Merchants and Introducing Brokers* (**CFTC Regulation 1.17**), SEC Rule 15c3-1 *Net Capital Requirements for Brokers or Dealers* (**SEC Rule 15c3-1**) and SEC Rule 17a-5 *Reports to be Made by Certain Brokers and Dealers* (**SEC Rule 17a-5**). The Filer has elected to compute the minimum capital requirement in accordance with the alternative net capital requirement as permitted by SEC Rule 15c3-1 and CFTC Regulation 1.17. The Alternative Net Capital (**ANC**) method provides large broker-dealer / FCMs meeting specified criteria with an alternative to use mathematical models such as the value at risk model to calculate capital requirements for market and derivatives related credit risk. Under the ANC method, the Filer must document and implement a comprehensive internal risk management system which addresses market, credit, liquidity, legal and operational risk at the firm.
16. SEC Rule 15c3-1 requires that the Filer account for any guarantee of debt of a third party in calculating its excess net capital when a loss is probable and the amount can be reasonably estimated. Accordingly, the Filer will, in the event that it provides a guarantee of any debt of a third party, take a deduction from net capital when both of the preceding conditions exist.
17. SEC Rule 15c3-1 and CFTC Regulation 1.17 are designed to provide protections that are substantially similar to the protections provided by the capital formula requirements and specifically risk adjusted capital to which dealer members of IIROC are subject. The Filer is in compliance with SEC Rule 15c3-1 and in compliance in all material respects with SEC Rule 17a-5. If the Filer's net capital declines below the minimum amount required, the Filer is required to notify the SEC and FINRA pursuant to SEC Rule 17a-11 *Notification Provisions for Brokers and Dealers* (**SEC Rule 17a-11**). The SEC and FINRA have the responsibility to provide oversight over the Filer's compliance with SEC Rule 15c3-1 and SEC Rule 17a-5.
18. The Filer is required to prepare and file a financial report, which includes Form X-17a-5 *Financial and Operational Combined Uniform Single Report* (the **FOCUS Report**), monthly with the CFTC, NFA, SEC and FINRA. The FOCUS Report provides a more comprehensive description of the business activities of the Filer, and more accurately reflects those activities including client lending activity, than would be provided by Form 31-103F1 *Calculation of Excess Working Capital* (**Form 31-103F1**). The FOCUS Report provides a net capital calculation and a comprehensive description of the business activities of the Filer. The net capital requirements computed using methods prescribed by SEC Rule 15c3-1

are based on all assets and liabilities on the books and records of a broker-dealer whereas Form 31-103F1 is a calculation of excess working capital, which is a computation based primarily on the current assets and current liabilities on the books and records of the dealer. The Filer is up-to-date in its submission of annual reports under SEC Rule 17a-5(d), including the FOCUS Report.

19. The Filer is a member of the Securities Investors Protection Corporation (**SIPC**). Subject to the eligibility criteria of SIPC, client assets held by the Filer in connection with its activities as a broker-dealer are insured by SIPC against loss due to insolvency in accordance with the Securities Investor Protection Act of 1970. There is no SIPC or similar insurance protection in connection with activities undertaken as a U.S. registered FCM.
20. The Filer is subject to CFTC Regulation 30.7 regarding cash, securities and other collateral that are deposited with a FCM or are otherwise required to be held for the benefit of its customers to margin futures and options on futures contracts traded on non-U.S. boards of trade, including Canadian Futures (**30.7 Customer Funds**). Accounts used to hold 30.7 Customer Funds must be properly titled to make clear that the funds belong to, and are being held for the benefit of, the FCM's customers who are trading foreign (i.e. non-U.S.) futures and futures options.
21. 30.7 Customer Funds may not be commingled with the funds of any other person, including the carrying FCM, except that the carrying FCM may deposit its own funds into the account containing 30.7 Customer Funds in order to prevent the accounts of the customers from becoming under-margined. Each Approved Depository (except for a derivatives clearing organization with specified rules) is required to provide the depositing FCM with a written acknowledgment that the depository was informed that such funds held in the customer account belong to customers and are being held in accordance with the CEA and CFTC Regulations. Among other representations, the depository must acknowledge that it cannot use any portion of 30.7 Customer Funds to satisfy any obligations that the FCM may owe the depository. The types of investments permitted for 30.7 Funds are restricted by CFTC Regulation 30.7(h), which refers to the list of permitted investments set forth in CFTC Regulation 1.25. The FCM is required, on a daily basis, to compute and submit to regulatory authorities a statement of the amounts of 30.7 Customer Funds held by the FCM.
22. In the event of a FCM's bankruptcy, funds allocated to each account class (i.e., the customer segregated, 30.7 secured amount and cleared swaps customer account classes established pursuant to CFTC Regulations 1.20, 30.7 and 22.2, respectively) or readily traceable to an account class must be allocated solely to that customer account class. The U.S. Bankruptcy Code also provides that non-defaulting customers in an account class that has incurred a loss will share in any shortfall, pro rata. However, customers whose funds are held in another account class that has not incurred a loss will not be required to share in such shortfall.
23. The Filer holds customer assets in accordance with Rule 15c3-3 of the 1934 Act, as amended (**SEC Rule 15c3-3**). SEC Rule 15c3-3 requires the Filer to segregate and keep segregated all "fully-paid securities" and "excess margin securities" (as such terms are defined in SEC Rule 15c3-3) of its customers from its proprietary assets. In addition to the segregation of customers' securities, SEC Rule 15c3-3 requires the Filer to deposit an amount of cash or qualified government securities determined in accordance with a reserve formula set forth in SEC Rule 15c3-3 in an account entitled "Special Reserve Account for the Exclusive Benefit of Customers" of such Filer at separate banks and/or custodians. The combination of segregated securities and cash reserve are designed to ensure that the Filer has sufficient assets to cover all net equity claims of its customers and provide protections that are substantially similar to the protections provided by the requirements dealer members of IIROC are subject. If the Filer fails to make an appropriate deposit, the Filer is required to notify the SEC and FINRA pursuant to SEC Rule 15c3-3(i). The Filer is in material compliance with the possession and control requirements of SEC Rule 15c3-3.
24. The Filer is subject to regulations of the Board of Governors of the U.S.A. Federal Reserve Board (**FRB**), the SEC, and FINRA regarding the lending of money, extension of credit and provision of margin to clients (the **U.S. Margin Regulations**) that provide protections that are substantially similar to the protections provided by the requirements regarding the lending of money, extension of credit and provision of margin to clients to which dealer members of IIROC are subject. In particular, the Filer is subject to the margin requirements imposed by the FRB, including Regulation T, and under applicable SEC rules and under FINRA Rule 4210. The Filer is in material compliance with all applicable U.S. Margin Regulations.
25. Section 22 of the CFA provides that no person may trade in a commodity futures contract or a commodity futures option unless the person is registered as a dealer [*Futures Commission Merchant*], or as a representative of the dealer, or an exemption from the registration requirement is available. The Filer's activities in providing Clearing Broker Services in Give-Up Transactions involving Canadian Futures to, from or on behalf of Institutional Permitted Clients may constitute trading in Canadian Futures.
26. The Filer's activities in providing Clearing Broker Services in Give-Up Transactions involving Canadian Futures to, from or on behalf of Institutional Permitted Clients may also constitute trading in Canadian Futures by Institutional Permitted Clients. Institutional Permitted Clients may be unable to rely on the exemptions from the dealer registration requirement

in the CFA because the Filer is not a registered dealer. Accordingly, the Filer is also seeking exemptive relief pursuant to the Ruling for Institutional Permitted Clients that receive Clearing Broker Services from the Filer.

27. The Filer believes that it would be beneficial to Institutional Permitted Clients in Ontario that trade in the international futures markets for the Filer to act as a clearing broker for both Canadian and non-Canadian futures for the Institutional Permitted Client because such an arrangement would enable the Institutional Permitted Client to benefit from significant efficiencies in collateral usage and consolidated reporting. Benefits would include single margin calls/payments, single wire transfer, ease of reconciliation, netting and cross product margining.
28. Clients may seek clearing services from the Filer in order to separate the execution of a trade from the clearing and settlement of a trade. This allows clients to use many executing brokers, without maintaining an active, ongoing clearing account with each executing broker. It also allows the client to consolidate the clearing and settlement of Canadian Futures in an account with the Filer.
29. The Filer does not dictate to its clients the executing brokers through which clients may execute trades. Clients are free to directly select their executing broker. Clients send orders to the executing broker who carries out the trade. The executing broker will be an appropriately registered dealer or a person or company relying on an exemption from dealer registration that permits it to execute the trade for clients.
30. The Filer is a "market participant" as defined under subsection 1(1) of the CFA. As a market participant, among other requirements, the Filer is required to comply with the record keeping and provision of information provisions under section 14 of the CFA, which include the requirement to keep such books, records and other documents (a) as are necessary for the proper recording of business transactions and financial affairs, and the transactions executed on behalf of others, (b) as may otherwise be required under Ontario commodity futures law, and (c) as may reasonably be required to demonstrate compliance with Ontario commodity futures laws, and to deliver such records to the Commission if required.

AND UPON the Commission being satisfied that it would not be prejudicial to the public interest to do so;

IT IS RULED, pursuant to section 38 of the CFA, that the Filer is not subject to the dealer registration requirement set out in the CFA in connection with providing Clearing Broker Services in Give-Up Transactions involving Canadian Futures to, from or on behalf of Institutional Permitted Clients so long as the Filer:

- (a) has its head office or principal place of business in the U.S.;
- (b) is registered as a FCM with the CFTC, engages in the business of an FCM in the U.S., and is registered as a broker-dealer under the securities legislation of the U.S. and engages in the business of a broker-dealer in the U.S.;
- (c) is a member firm of the NFA and FINRA;
- (d) is a member of SIPC;
- (e) is subject to requirements over regulatory capital, lending of money, extension of credit and provision of margin, financial reporting to the SEC and FINRA, and/or the CFTC and NFA, and segregation and custody of assets which provide protections that are substantially similar to the protections provided by the rules to which dealer members of IIROC are subject;
- (f) limits its provision of Clearing Broker Services in respect of Give-Up Transactions involving Canadian Futures to Institutional Permitted Clients in Ontario;
- (g) does not execute trades in Canadian Futures with or for Institutional Permitted Clients in Ontario, except as permitted under applicable Ontario securities or commodities futures laws;
- (h) does not require its clients to use specific executing brokers through which clients may execute trades;
- (i) submits the financial report and compliance report as described in SEC Rule 17a-5(d) to the Commission on an annual basis, at the same time such reports are filed with the SEC and FINRA;
- (j) submits audited financial statements to the Commission on an annual basis, within 90 days of the Filer's financial year end;
- (k) submits to the Commission immediately a copy of any notice filed under SEC Rule 17a-11 or under SEC Rule 15c3-3(i) with the SEC and FINRA;
- (l) complies with the filing and fee payment requirements applicable to a registrant under OSC Rule 13-502 Fees; provided that, if the Filer does not rely on the international dealer exemption in section 8.18 of NI 31-103 (the

IDE), by December 31st of each year, the Filer pays a participation fee based on its specified Ontario revenues for its previous financial year in compliance with the requirements of Part 3 and section 6.4 of OSC Rule 13-502 *Fees* as if the Filer relied on the IDE;

- (m) files in an electronic and searchable format with the Commission such reports as to any or all of its trading activities in Canada as the Commission may, upon notice, require from time to time;
- (n) pays the increased compliance and case assessment costs of the Commission due to the Filer's location outside Ontario, including, as required, the reasonable cost of hiring a third party to perform a compliance review on behalf of the Commission;
- (o) has provided to each Institutional Permitted Client the following disclosure in writing:
 - (i) a statement that the Filer is not registered in Ontario to trade in Canadian Futures as principal or agent;
 - (ii) a statement that the Filer's head office or principal place of business is located in New York, New York, U.S.;
 - (iii) a statement that all or substantially all of the Filer's assets may be situated outside of Canada;
 - (iv) a statement that there may be difficulty enforcing legal rights against the Filer because of the above; and
 - (v) the name and address of the Filer's agent for service of process in Ontario; and
- (p) has submitted to the Commission a completed *Submission to Jurisdiction and Appointment of Agent for Service* in the form attached as Appendix "A" hereto.

This Decision will terminate on the earliest of:

- (i) the expiry of any transition period as may be provided by law, after the effective date of the repeal of the CFA; and
- (iii) five years after the date of this Decision.

AND IT IS FURTHER RULED, pursuant to section 38 of the CFA, that an Institutional Permitted Client is not subject to the dealer registration requirement in the CFA in connection with trades in Canadian Futures when receiving Clearing Broker Services in Give-Up Transactions where the Filer acts in connection with trades in Canadian Futures on behalf of the Institutional Permitted Client from the Filer pursuant to the above ruling.

"Craig Hayman"
Commissioner
Ontario Securities Commission

"Cathy Singer"
Commissioner
Ontario Securities Commission

OSC File #: 2022/0039

APPENDIX "A"

SUBMISSION TO JURISDICTION AND APPOINTMENT OF AGENT FOR SERVICE

INTERNATIONAL DEALER OR INTERNATIONAL ADVISER EXEMPTED FROM REGISTRATION UNDER THE COMMODITY FUTURES ACT, ONTARIO

1. Name of person or company ("International Firm"):
2. If the International Firm was previously assigned an NRD number as a registered firm or an unregistered exempt international firm, provide the NRD number of the firm:
3. Jurisdiction of incorporation of the International Firm:
4. Head office address of the International Firm:
5. The name, e-mail address, phone number and fax number of the International Firm's individual(s) responsible for the supervisory procedure of the International Firm, its chief compliance officer, or equivalent.

Name:

E-mail address:

Phone:

Fax:
6. The International Firm is relying on an exemption order under section 38 or section 80 of the **Commodity Futures Act** (Ontario) that is similar to the following exemption in National Instrument 31-103 **Registration Requirements, Exemptions and Ongoing Registrant Obligations** (the "Relief Order"):

☐ Section 8.18 [international dealer]

☐ Section 8.26 [international adviser]

☐ Other
7. Name of agent for service of process (the "Agent for Service"):
8. Address for service of process on the Agent for Service:
9. The International Firm designates and appoints the Agent for Service at the address stated above as its agent upon whom may be served a notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal or other proceeding (a "Proceeding") arising out of or relating to or concerning the International Firm's activities in the local jurisdiction and irrevocably waives any right to raise as a defence in any such proceeding any alleged lack of jurisdiction to bring such Proceeding.
10. The International Firm irrevocably and unconditionally submits to the non-exclusive jurisdiction of the judicial, quasi-judicial and administrative tribunals of the local jurisdiction in any Proceeding arising out of or related to or concerning the International Firm's activities in the local jurisdiction.
11. Until 6 years after the International Firm ceases to rely on the Relief Order, the International Firm must submit to the regulator
 - a. a new Submission to Jurisdiction and Appointment of Agent for Service in this form no later than the 30th day before the date this Submission to Jurisdiction and Appointment of Agent for Service is terminated;
 - b. an amended Submission to Jurisdiction and Appointment of Agent for Service no later than the 30th day before any change in the name or above address of the Agent for Service;
 - c. a notice detailing a change to any information submitted in this form, other than the name or above address of the Agent for Service, no later than the 30th day after the change.
12. This Submission to Jurisdiction and Appointment of Agent for Service is governed by and construed in accordance with the laws of the local jurisdiction.

Decisions, Orders and Rulings

Dated: _____

(Signature of the International Firm or authorized signatory)

(Name of signatory)

(Title of signatory)

Acceptance

The undersigned accepts the appointment as Agent for Service of _____ [Insert name of International Firm] under the terms and conditions of the foregoing Submission to Jurisdiction and Appointment of Agent for Service.

Dated: _____

(Signature of the Agent for Service or authorized signatory)

(Name of signatory)

(Title of signatory)

This form, and notice of a change to any information submitted in this form, is to be submitted through the Ontario Securities Commission's Electronic Filing Portal:

<https://www.osc.gov.on.ca/filings>

2.4.2 HSBC Securities (USA) Inc. – s. 38 of the CFA

Headnote

Application for a ruling pursuant to sections 38 of the Commodity Futures Act (CFA) granting relief from the dealer registration requirement set out in section 22 of the CFA in connection with acting as a clearing broker in Give-Up Transactions involving commodity futures contracts and options on commodity futures contracts on exchanges located in Canada (Canadian Futures) to, from or on behalf of Canadian institutional permitted clients (institutional investors) – relief limited to trades in Canadian futures for institutional permitted clients – relief subject to sunset clause.

Statutes Cited

Commodity Futures Act, R.S.O. 1990, c. C.20., as am., ss. 22, 38.

National Instrument 31-103 Registration Requirements, Exemptions, and Ongoing Registrant Obligations, ss. 1.1, 8.18.

February 15, 2022

IN THE MATTER OF
THE *COMMODITY FUTURES ACT*,
R.S.O. 1990, c. C. 20, AS AMENDED
(the CFA)

AND

IN THE MATTER OF
HSBC SECURITIES (USA) INC.
(the Filer)

RULING
(Sections 38 of the CFA)

WHEREAS on January 30, 2017, the Ontario Securities Commission (the **Commission**) made a ruling (the **Previous Decision**) pursuant to section 38 of the CFA exempting

- (a) the Filer from the dealer registration requirement set out in section 22 of the CFA in connection with providing Clearing Broker Services (as defined below) in Give-Up Transactions (as defined below) involving exchange-traded futures on exchanges located in Canada (**Canadian Futures**) to, from or on behalf of Institutional Permitted Clients (defined below); and
- (b) an Institutional Permitted Client from the dealer registration requirement in the CFA in connection with receiving Clearing Broker Services (as defined below) in Give-Up Transactions (as defined below) in Canadian Futures from the Filer;

AND WHEREAS the Previous Decision was effective for a five-year period and terminated on January 30, 2022 (the **Termination Date**);

AND WHEREAS prior to the Termination Date, the Commission received an application from the Filer (the **Application**) pursuant to section 38 of the CFA for a ruling to extend the Termination Date for a five-year period and to make certain revisions to update the Filer's representations to the Commission (the **Ruling**);

AND WHEREAS for the purposes of the Ruling, "**Institutional Permitted Client**" shall mean a "permitted client" as defined in section 1.1 of National Instrument 31-103 *Registration Requirements, Exemptions, and Ongoing Registrant Obligations* (**NI 31-103**), except for:

- (a) an individual,
- (b) a person or company acting on behalf of a managed account of an individual,
- (c) a person or company referred to in paragraph (p) of that definition, unless the person or company qualifies as a permitted client under another paragraph of that definition, or
- (d) a person or company referred to in paragraph (q) of that definition unless that person or company has net assets of at least \$100 million as shown on its most recently prepared financial statements or qualifies as a permitted client under another paragraph of that definition;

and provided further that, for the purposes of the definition of “Institutional Permitted Client”, a reference in the definition of “permitted client” in section 1.1. of NI 31-103 to “securities legislation” shall be read as “securities legislation or Ontario commodity futures law, as applicable”;

AND UPON considering the Application and the recommendation of Staff of the Commission;

AND UPON the Filer having represented to the Commission as follows:

1. The Filer is a corporation formed under the laws of the State of Delaware. The Filer’s head offices are located at 452 5th Avenue, New York, NY 10018, United States of America (**U.S.**). The Filer is a direct wholly-owned subsidiary of HSBC Markets (USA) Inc., which in turn is indirectly wholly owned by HSBC Holdings plc.
2. The Filer is registered as a broker-dealer with the U.S. Securities and Exchange Commission (**SEC**), a member of the U.S. Financial Industry Regulatory Authority (**FINRA**), a registered futures commission merchant (**FCM**) with the U.S. Commodity Futures Trading Commission (**CFTC**), and a member of the U.S. National Futures Association (**NFA**).
3. The Filer is a direct member of all major U.S. commodity futures exchanges and is a foreign approved participant of the Montreal Exchange.
4. In connection with its securities trading activities, the Filer relies on the “international dealer exemption” under section 8.18 of NI 31-103 in Alberta, British Columbia, Ontario and Quebec. The Filer also currently relies on Ontario Instrument 32-507 (Commodity Futures Act) – Exemptions for International Dealers, Advisers and Sub-Advisers (Interim Class Order) that provides an exemption from the dealer registration requirement in connection with certain execution and clearing activities in commodity futures contracts and options on commodity futures contracts that trade on exchanges located outside of Canada.
5. Subject to the Ruling requested as a consequence of the recent expiry of the Previous Decision, the Filer is not in default of securities legislation in any jurisdiction in Canada or under the CFA. The Filer is in compliance in all material respects with U.S. securities and commodity futures laws.
6. HSBC Securities (Canada) Inc. (**HSBC Securities Canada**), an affiliate of the Filer, is registered as a dealer in the category of investment dealer in each of the provinces and territories of Canada, and in the category of derivatives dealer in Quebec. HSBC Securities Canada is also a dealer member of the Investment Industry Regulatory Organization of Canada (**IIROC**) and has its head office in Ontario. HSBC Securities Canada is a wholly-owned subsidiary of HSBC Bank Canada, a Canadian chartered bank validly existing under the laws of Canada.
7. The Filer has been providing Clearing Broker Services (as defined below) in Give-Up Transactions (as defined below) involving Canadian Futures to, from or on behalf of Institutional Permitted Clients in reliance on the Previous Decision since January 30, 2017. The Filer wishes to continue providing these services pursuant to the Ruling.
8. A **Give-Up Transaction** is a purchase or sale of futures contracts by a client that has an existing relationship with a clearing broker, but wishes to use the trade execution services of one or more other executing brokers for the purpose of executing such purchases or sales (**Subject Transactions**) on one or more markets. Under these circumstances, the executing broker executes the Subject Transactions as directed by the client and “gives up” such trades to the clearing broker for clearing, settlement, record-keeping, bookkeeping, custody and other administrative functions (**Clearing Broker Services**). The service provided by the executing broker is limited to trade execution only.
9. In a Give-Up Transaction, the clearing broker will maintain an account for the client that is administered in accordance with the terms and conditions of the account documentation of the clearing broker that has been signed by the client. The clearing broker will handle record keeping and collateral for the client. The client will not sign clearing account documentation with the executing broker, nor will the executing broker typically receive monies, margin or collateral directly from the client. Although the executing broker is responsible for its own record-keeping, bookkeeping, custody and other administrative functions (**Account Services**) in respect of its own clients, it does not, subject to any applicable regulatory requirements that may otherwise apply, provide Account Services for execution-only clients. Such Account Services remain the responsibility of the clearing broker. The clearing broker will have the primary relationship with the client and is contractually responsible for trade and risk monitoring as well as reporting trade confirmations and sending out monthly statements.
10. In order to enter into a Give-Up Transaction, a client will enter into a tri-party agreement, known as a “give-up agreement” (**Give-Up Agreement**), between an executing broker, a clearing broker, and the client. The Filer, as clearing broker, will generally use the *International Uniform Brokerage Execution Services (“Give-Up”) Agreement: Version 2017* (© Futures Industry Association, Inc. 2017), as may be revised from time to time, as the Give-Up Agreement entered into with Institutional Permitted Clients.

11. Each party to the Give-Up Agreement, including the Filer as clearing broker, will represent in the Give-Up Agreement that it will perform its obligations under the Give-Up Agreement in accordance with applicable laws, governmental, regulatory, self-regulatory, exchange or clearing house rules, regulations, interpretations, protocols and the customs and usages of the exchange or clearing house on which the transactions governed by the Give-Up Agreement are executed and cleared, as in force from time to time.
12. In Ontario, an Institutional Permitted Client would place orders for Canadian Futures for execution on Canadian futures exchanges with an Ontario-registered FCM, which would then be cleared locally on the applicable Canadian futures exchange by that Ontario-registered FCM (if qualified to do so) or another clearing member of the applicable Canadian futures exchange. The executed trades would be placed into a client omnibus account maintained by the Filer with the clearing member of the applicable Canadian futures exchange that locally clears the trades, and the executed trades would be booked by the Filer to the futures account of the Ontario client maintained with the Filer for trading on exchanges globally. In this arrangement, the Ontario-registered FCM would be responsible for all client-facing interactions relating to the execution of the Canadian Futures.
13. In the case of a Montréal Exchange-listed futures contract, a member of the Canadian Derivatives Clearing Corporation (**CDCC**) would clear the trade on the Filer's behalf. Therefore, trade execution would be done by an Ontario-registered FCM, the positions would be held at CDCC by a CDCC member (which could be, but would not necessarily have to be, the executing broker) and given up to the Filer at which the Ontario Institutional Permitted Client maintains a clearing account. The Filer would then carry the resulting positions in an account maintained on its books by the Institutional Permitted Client, and the Filer would call for and collect applicable margin from the Institutional Permitted Client. The Filer, in turn, would remit the required margin to the CDCC member that cleared the trades. That CDCC member would then make the required margin payment(s) to CDCC.
14. In respect of holding client assets, in order to protect customers in the event of the insolvency or financial instability of the Filer, the Filer is required under U.S. law to ensure that customer securities and monies be separately accounted for, segregated at all times from the securities and monies of the Filer and custodied exclusively with such banks, trust companies, clearing organizations or other licensed futures brokers and intermediaries as may be approved for such purposes under the U.S. *Commodity Exchange Act* (**CEA**) and the rules promulgated by the CFTC thereunder (collectively, the **Approved Depositories**). The Filer is further required to obtain acknowledgements from any Approved Depository holding customer funds or securities related to U.S.-based transactions or accounts that such funds and securities are to be separately held on behalf of such customers, with no right of set-off against the Filer's obligations or debts.
15. As a U.S. registered broker-dealer and FCM, the Filer is subject to regulatory capital requirements under the CEA and *Securities Exchange Act of 1934* (the **1934 Act**), specifically CFTC Regulation 1.17 *Minimum Financial Requirements for Futures Commission Merchants and Introducing Brokers* (**CFTC Regulation 1.17**), SEC Rule 15c3-1 *Net Capital Requirements for Brokers or Dealers* (**SEC Rule 15c3-1**) and SEC Rule 17a-5 *Reports to be Made by Certain Brokers and Dealers* (**SEC Rule 17a-5**).
16. SEC Rule 15c3-1 requires that the Filer account for any guarantee of debt of a third party in calculating its excess net capital when a loss is probable and the amount can be reasonably estimated. Accordingly, the Filer will, in the event that it provides a guarantee of any debt of a third party, take a deduction from net capital when both of the preceding conditions exist.
17. SEC Rule 15c3-1 and CFTC Regulation 1.17 are designed to provide protections that are substantially similar to the protections provided by the capital formula requirements and specifically risk adjusted capital to which dealer members of IIROC are subject. The Filer is in compliance with SEC Rule 15c3-1 and in compliance in all material respects with SEC Rule 17a-5. If the Filer's net capital declines below the minimum amount required, the Filer is required to notify the SEC and FINRA pursuant to SEC Rule 17a-11 *Notification Provisions for Brokers and Dealers* (**SEC Rule 17a-11**). The SEC and FINRA have the responsibility to provide oversight over the Filer's compliance with SEC Rule 15c3-1 and SEC Rule 17a-5.
18. The Filer is required to prepare and file a financial report, which includes Form X-17a-5_Financial and Operational Combined Uniform Single Report (the **FOCUS Report**), monthly with the CFTC, NFA, SEC and FINRA. The FOCUS Report provides a more comprehensive description of the business activities of the Filer, and more accurately reflects those activities including client lending activity, than would be provided by Form 31-103F1 *Calculation of Excess Working Capital* (**Form 31-103F1**). The FOCUS Report provides a net capital calculation and a comprehensive description of the business activities of the Filer. The net capital requirements computed using methods prescribed by SEC Rule 15c3-1 are based on all assets and liabilities on the books and records of a broker-dealer whereas Form 31-103F1 is a calculation of excess working capital, which is a computation based primarily on the current assets and current liabilities on the books and records of the dealer. The Filer is up-to-date in its submission of annual reports under SEC Rule 17a-5(d), including the FOCUS Report.

19. The Filer is a member of the Securities Investors Protection Corporation (**SIPC**). Subject to the eligibility criteria of SIPC, client assets held by the Filer in connection with its activities as a broker-dealer are insured by SIPC against loss due to insolvency in accordance with the Securities Investor Protection Act of 1970. There is no SIPC or similar insurance protection in connection with activities undertaken as a U.S. registered FCM.
20. The Filer is subject to CFTC Regulation 30.7 regarding cash, securities and other collateral that are deposited with a FCM or are otherwise required to be held for the benefit of its customers to margin futures and options on futures contracts traded on non-U.S. boards of trade, including Canadian Futures, (**30.7 Customer Funds**). Accounts used to hold 30.7 Customer Funds must be properly titled to make clear that the funds belong to, and are being held for the benefit of, the FCM's customers who are trading foreign (i.e. non-U.S.) futures and futures options.
21. 30.7 Customer Funds may not be commingled with the funds of any other person, including the carrying FCM, except that the carrying FCM may deposit its own funds into the account containing 30.7 Customer Funds in order to prevent the accounts of the customers from becoming under-margined. Each Approved Depository (except for a derivatives clearing organization with specified rules) is required to provide the depositing FCM with a written acknowledgment that the depository was informed that such funds held in the customer account belong to customers and are being held in accordance with the CEA and CFTC Regulations. Among other representations, the depository must acknowledge that it cannot use any portion of 30.7 Customer Funds to satisfy any obligations that the FCM may owe the depository. The types of investments permitted for 30.7 Funds are restricted by CFTC Regulation 30.7(h), which refers to the list of permitted investments set forth in CFTC Regulation 1.25. The FCM is required, on a daily basis, to compute and submit to regulatory authorities a statement of the amounts of 30.7 Customer Funds held by the FCM.
22. In the event of a FCM's bankruptcy, funds allocated to each account class (i.e., the customer segregated, 30.7 secured amount and cleared swaps customer account classes established pursuant to CFTC Regulations 1.20, 30.7 and 22.2, respectively) or readily traceable to an account class must be allocated solely to that customer account class. The U.S. Bankruptcy Code also provides that non-defaulting customers in an account class that has incurred a loss will share in any shortfall, pro rata. However, customers whose funds are held in another account class that has not incurred a loss will not be required to share in such shortfall.
23. The Filer holds customer assets in accordance with Rule 15c3-3 of the 1934 Act, as amended (**SEC Rule 15c3-3**). SEC Rule 15c3-3 requires the Filer to segregate and keep segregated all "fully-paid securities" and "excess margin securities" (as such terms are defined in SEC Rule 15c3-3) of its customers from its proprietary assets. In addition to the segregation of customers' securities, SEC Rule 15c3-3 requires the Filer to deposit an amount of cash or qualified government securities determined in accordance with a reserve formula set forth in SEC Rule 15c3-3 in an account entitled "Special Reserve Account for the Exclusive Benefit of Customers" of such Filer at separate banks and/or custodians. The combination of segregated securities and cash reserve are designed to ensure that the Filer has sufficient assets to cover all net equity claims of its customers and provide protections that are substantially similar to the protections provided by the requirements dealer members of IIROC are subject. If the Filer fails to make an appropriate deposit, the Filer is required to notify the SEC and FINRA pursuant to SEC Rule 15c3-3(i). The Filer is in material compliance with the possession and control requirements of SEC Rule 15c3-3.
24. The Filer is subject to regulations of the Board of Governors of the U.S.A. Federal Reserve Board (**FRB**), the SEC, and FINRA regarding the lending of money, extension of credit and provision of margin to clients (the **U.S. Margin Regulations**) that provide protections that are substantially similar to the protections provided by the requirements regarding the lending of money, extension of credit and provision of margin to clients to which dealer members of IIROC are subject. In particular, the Filer is subject to the margin requirements imposed by the FRB, including Regulation T, and under applicable SEC rules and under FINRA Rule 4210. The Filer is in material compliance with all applicable U.S. Margin Regulations.
25. Section 22 of the CFA provides that no person may trade in a commodity futures contract or a commodity futures option unless the person is registered as a dealer [*Futures Commission Merchant*], or as a representative of the dealer, or an exemption from the registration requirement is available. The Filer's activities in providing Clearing Broker Services in Give-Up Transactions involving Canadian Futures to, from or on behalf of Institutional Permitted Clients may constitute trading in Canadian Futures.
26. The Filer's activities in providing Clearing Broker Services in Give-Up Transactions involving Canadian Futures to, from or on behalf of Institutional Permitted Clients may also constitute trading in Canadian Futures by Institutional Permitted Clients. Institutional Permitted Clients may be unable to rely on the exemptions from the dealer registration requirement in the CFA because the Filer is not a registered dealer. Accordingly, the Filer is also seeking exemptive relief pursuant to the Ruling for Institutional Permitted Clients that receive Clearing Broker Services from the Filer.
27. The Filer believes that it would be beneficial to Institutional Permitted Clients in Ontario that trade in the international futures markets for the Filer to act as a clearing broker for both Canadian and non-Canadian futures for the Institutional Permitted Client because such an arrangement would enable the Institutional Permitted Client to benefit from significant

efficiencies in collateral usage and consolidated reporting. Benefits would include single margin calls/payments, single wire transfer, ease of reconciliation, netting and cross product margining.

28. Clients may seek clearing services from the Filer in order to separate the execution of a trade from the clearing and settlement of a trade. This allows clients to use many executing brokers, without maintaining an active, ongoing clearing account with each executing broker. It also allows the client to consolidate the clearing and settlement of Canadian Futures in an account with the Filer.
29. The Filer does not dictate to its clients the executing brokers through which clients may execute trades. Clients are free to directly select their executing broker. Clients send orders to the executing broker who carries out the trade. The executing broker will be an appropriately registered dealer or a person or company relying on an exemption from dealer registration that permits it to execute the trade for clients.
30. The Filer is a "market participant" as defined under subsection 1(1) of the CFA. As a market participant, among other requirements, the Filer is required to comply with the record keeping and provision of information provisions under section 14 of the CFA, which include the requirement to keep such books, records and other documents: (a) as are necessary for the proper recording of business transactions and financial affairs, and the transactions executed on behalf of others, (b) as may otherwise be required under Ontario commodity futures law, and (c) as may reasonably be required to demonstrate compliance with Ontario commodity futures laws, and to deliver such records to the Commission if required.

AND UPON the Commission being satisfied that it would not be prejudicial to the public interest to do so;

IT IS RULED, pursuant to section 38 of the CFA, that the Filer is not subject to the dealer registration requirement set out in the CFA in connection with providing Clearing Broker Services in Give-Up Transactions involving Canadian Futures to, from or on behalf of Institutional Permitted Clients so long as the Filer:

- (a) has its head office or principal place of business in the U.S.;
- (b) is registered as a FCM with the CFTC, engages in the business of an FCM in the U.S., and is registered as a broker-dealer under the securities legislation of the U.S. and engages in the business of a broker-dealer in the U.S.;
- (c) is a member firm of the NFA and FINRA;
- (d) is a member of SIPC;
- (e) is subject to requirements over regulatory capital, lending of money, extension of credit and provision of margin, financial reporting to the SEC and FINRA, and/or the CFTC and NFA, and segregation and custody of assets which provide protections that are substantially similar to the protections provided by the rules to which dealer members of IIROC are subject;
- (f) limits its provision of Clearing Broker Services in respect of Give-Up Transactions involving Canadian Futures to Institutional Permitted Clients in Ontario;
- (g) does not execute trades in Canadian Futures with or for Institutional Permitted Clients in Ontario, except as permitted under applicable Ontario securities or commodities futures laws;
- (h) does not require its clients to use specific executing brokers through which clients may execute trades;
- (i) submits the financial report and compliance report as described in SEC Rule 17a-5(d) to the Commission on an annual basis, at the same time such reports are filed with the SEC and FINRA;
- (j) submits audited financial statements to the Commission on an annual basis, within 90 days of the Filer's financial year end;
- (k) submits to the Commission immediately a copy of any notice filed under SEC Rule 17a-11 or under SEC Rule 15c3-3(i) with the SEC and FINRA;
- (l) complies with the filing and fee payment requirements applicable to a registrant under OSC Rule 13-502 *Fees*; provided that, if the Filer does not rely on the international dealer exemption in section 8.18 of NI 31-103 (the **IDE**), by December 31st of each year, the Filer pays a participation fee based on its specified Ontario revenues for its previous financial year in compliance with the requirements of Part 3 and section 6.4 of OSC Rule 13-502 *Fees* as if the Filer relied on the IDE;
- (m) files in an electronic and searchable format with the Commission such reports as to any or all of its trading activities in Canada as the Commission may, upon notice, require from time to time;

- (n) pays the increased compliance and case assessment costs of the Commission due to the Filer's location outside Ontario, including, as required, the reasonable cost of hiring a third party to perform a compliance review on behalf of the Commission;
- (o) has provided to each Institutional Permitted Client the following disclosure in writing:
 - (i) a statement that the Filer is not registered in Ontario to trade in Canadian Futures as principal or agent;
 - (ii) a statement that the Filer's head office or principal place of business is located in New York, New York, U.S.;
 - (iii) a statement that all or substantially all of the Filer's assets may be situated outside of Canada;
 - (iv) a statement that there may be difficulty enforcing legal rights against the Filer because of the above; and
 - (v) the name and address of the Filer's agent for service of process in Ontario; and
- (p) has submitted to the Commission a completed *Submission to Jurisdiction and Appointment of Agent for Service* in the form attached as Appendix "A" hereto.

This Decision will terminate on the earliest of:

- (i) the expiry of any transition period as may be provided by law, after the effective date of the repeal of the CFA; and
- (ii) five years after the date of this Decision.

AND IT IS FURTHER RULED, pursuant to section 38 of the CFA, that an Institutional Permitted Client is not subject to the dealer registration requirement in the CFA in connection with trades in Canadian Futures when receiving Clearing Broker Services in Give-Up Transactions where the Filer acts in connection with trades in Canadian Futures on behalf of the Institutional Permitted Client from the Filer pursuant to the above ruling.

"Craig Hayman"
Commissioner
Ontario Securities Commission

"Cathy Singer"
Commissioner
Ontario Securities Commission

OSC File #: 2022/0003

APPENDIX "A"

SUBMISSION TO JURISDICTION AND APPOINTMENT OF AGENT FOR SERVICE

INTERNATIONAL DEALER OR INTERNATIONAL ADVISER EXEMPTED FROM REGISTRATION UNDER THE COMMODITY FUTURES ACT, ONTARIO

1. Name of person or company ("International Firm"):
HSBC Securities (USA) Inc.
2. If the International Firm was previously assigned an NRD number as a registered firm or an unregistered exempt international firm, provide the NRD number of the firm:
NRD #4640
3. Jurisdiction of incorporation of the International Firm:
Delaware, U.S.A.
4. Head office address of the International Firm:

452 Fifth Avenue
New York, NY 10018
5. The name, e-mail address, phone number and fax number of the International Firm's individual(s) responsible for the supervisory procedure of the International Firm, its chief compliance officer, or equivalent.

Name: David Fann

E-mail address: David.Fann@us.hsbc.com

Phone: (212) 525-1680

Fax: N/A
6. The International Firm is relying on an exemption order under section 38 or section 80 of the **Commodity Futures Act** (Ontario) that is similar to the following exemption in National Instrument 31-103 **Registration Requirements, Exemptions and Ongoing Registrant Obligations** (the "Relief Order"):

☐ Section 8.18 [international dealer]
☐ Section 8.26 [international adviser]
☒ Other
7. Name of agent for service of process (the "Agent for Service"):
152928 Canada Inc.
8. Address for service of process on the Agent for Service:

**c/o Stikeman Elliott LLP
5300 Commerce Court West
199 Bay Street
Toronto, Ontario M5L 1B9
Canada**
9. The International Firm designates and appoints the Agent for Service at the address stated above as its agent upon whom may be served a notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal or other proceeding (a "Proceeding") arising out of or relating to or concerning the International Firm's activities in the local jurisdiction and irrevocably waives any right to raise as a defence in any such proceeding any alleged lack of jurisdiction to bring such Proceeding.
10. The International Firm irrevocably and unconditionally submits to the non-exclusive jurisdiction of the judicial, quasi-judicial and administrative tribunals of the local jurisdiction in any Proceeding arising out of or related to or concerning the International Firm's activities in the local jurisdiction.

Decisions, Orders and Rulings

11. Until 6 years after the International Firm ceases to rely on the Relief Order, the International Firm must submit to the regulator
- a. a new Submission to Jurisdiction and Appointment of Agent for Service in this form no later than the 30th day before the date this Submission to Jurisdiction and Appointment of Agent for Service is terminated;
 - b. an amended Submission to Jurisdiction and Appointment of Agent for Service no later than the 30th day before any change in the name or above address of the Agent for Service;
 - c. a notice detailing a change to any information submitted in this form, other than the name or above address of the Agent for Service, no later than the 30th day after the change.
12. This Submission to Jurisdiction and Appointment of Agent for Service is governed by and construed in accordance with the laws of the local jurisdiction.

Dated: _____

(Signature of the International Firm or authorized signatory)

(Name of signatory)

(Title of signatory)

Acceptance

The undersigned accepts the appointment as Agent for Service of: **HSBC Securities (USA) Inc.** under the terms and conditions of the foregoing Submission to Jurisdiction and Appointment of Agent for Service.

Dated: _____

(Signature of the Agent for Service or authorized signatory)

(Name of signatory)

(Title of signatory)

This form, and notice of a change to any information submitted in this form, is to be submitted through the Ontario Securities Commission's Electronic Filing Portal:

<https://www.osc.gov.on.ca/filings>

2.4.3 Goldman Sachs & Co. LLC – s. 38 of the CFA

Headnote

Application for a ruling pursuant to section 38 of the Commodity Futures Act (Ontario) (CFA) granting relief from the dealer registration requirement set out in section 22 of the CFA in connection with acting as a clearing broker in give-up transactions involving commodity futures contracts and options on commodity futures contracts on exchanges located in Canada (Canadian Futures) to, from or on behalf of Canadian institutional permitted clients (institutional investors) – relief limited to trades in Canadian Futures for institutional permitted clients – relief subject to sunset clause.

Statutes Cited

Commodity Futures Act, R.S.O. 1990, c. C.20, as am., ss. 22 and 38.

National Instrument 31-103 Registration Requirements, Exemptions, and Ongoing Registrant Obligations, ss. 1.1, 8.18, 8.26.

February 18, 2022

IN THE MATTER OF
THE *COMMODITY FUTURES ACT*,
R.S.O. 1990, c. C. 20, AS AMENDED
(the CFA)

AND

IN THE MATTER OF
GOLDMAN SACHS & CO. LLC
(the Filer)

RULING
(Section 38 of the CFA)

WHEREAS on January 30, 2017, the Ontario Securities Commission (the **Commission**) made a ruling (the **Previous Decision**) pursuant to section 38 of the CFA exempting

- (a) the Filer from the dealer registration requirement set out in section 22 of the CFA in connection with providing Clearing Broker Services (as defined below) in Give-Up Transactions (as defined below) involving exchange-traded futures on exchanges located in Canada (**Canadian Futures**) to, from or on behalf of Institutional Permitted Clients (as defined below); and
- (b) an Institutional Permitted Client from the dealer registration requirement in the CFA in connection with receiving Clearing Broker Services (as defined below) in Give-Up Transactions (as defined below) in Canadian Futures from the Filer;

AND WHEREAS the Previous Decision was effective for a five-year period and terminated on January 30, 2022 (the **Termination Date**);

AND WHEREAS prior to the Termination Date, the Commission received an application from the Filer (the **Application**) pursuant to section 38 of the CFA for a ruling to extend the Termination Date for a five-year period and to make certain revisions to update the Filer's representations to the Commission (the **Ruling**);

AND WHEREAS for the purposes of the Ruling, "**Institutional Permitted Client**" shall mean a "permitted client" as defined in section 1.1 of National Instrument 31-103 *Registration Requirements, Exemptions, and Ongoing Registrant Obligations* (**NI 31-103**), except for:

- (a) an individual,
- (b) a person or company acting on behalf of a managed account of an individual,
- (c) a person or company referred to in paragraph (p) of that definition, unless the person or company qualifies as a permitted client under another paragraph of that definition, or
- (d) a person or company referred to in paragraph (q) of that definition unless that person or company has net assets of at least \$100 million as shown on its most recently prepared financial statements or qualifies as a permitted client under another paragraph of that definition;

and provided further that, for the purposes of the definition of “Institutional Permitted Client”, a reference in the definition of “permitted client” in section 1.1. of NI 31-103 to “securities legislation” shall be read as “securities legislation or Ontario commodity futures law, as applicable”;

AND UPON considering the Application and the recommendation of Staff of the Commission;

AND UPON the Filer having represented to the Commission as follows:

1. Goldman, Sachs & Co. converted to a New York limited liability company and, as part of the conversion, changed its name to Goldman Sachs & Co. LLC effective April 28, 2017. The Filer’s head offices are located at 200 West Street, New York, NY 10282, United States of America (**U.S.**). The Filer is an indirect wholly-owned subsidiary of The Goldman Sachs Group, Inc. (**GS Group**). GS Group is a bank holding company under the United States Bank Holding Company Act of 1956 (**BHC Act**) and financial holding company under amendments to the BHC Act.
2. The Filer is registered as a broker-dealer with the U.S. Securities and Exchange Commission (**SEC**), a member of the U.S. Financial Industry Regulatory Authority (**FINRA**), a registered futures commission merchant (**FCM**) with the U.S. Commodity Futures Trading Commission (**CFTC**), and a member of the U.S. National Futures Association (**NFA**).
3. The Filer is a direct member of all major U.S. commodity futures exchanges and is a foreign approved participant of the Montreal Exchange.
4. In connection with its securities trading and advising activities, the Filer relies on the “international dealer exemption” under section 8.18 of NI 31-103 and the “international adviser exemption” under section 8.26 of NI 31-103 in the ten Canadian provinces and Yukon. The Filer also currently relies on Ontario Instrument 32-507 (Commodity Futures Act) – *Exemptions for International Dealers, Advisers and Sub-Advisers* (Interim Class Order) that provides an exemption from the dealer registration requirement in connection with certain execution and clearing activities in commodity futures contracts and options on commodity futures contracts that trade on exchanges located outside of Canada.
5. Subject to the Ruling requested prior to the January 30, 2022 expiry of the Previous Decision, the Filer is not in default of securities legislation in any jurisdiction in Canada or under the CFA. The Filer is in compliance in all material respects with U.S. securities and commodity futures laws.
6. Goldman Sachs Canada Inc. (**GS Canada**) is an affiliate of the Filer. GS Canada is registered as an investment dealer in each of the provinces and territories of Canada, and in the category of derivatives dealer in Quebec. GS Canada is also a dealer member of the Investment Industry Regulatory Organization of Canada (**IIROC**) and has its head office in Ontario.
7. The Filer has been providing Clearing Broker Services (as defined below) in Give-Up Transactions (as defined below) involving Canadian Futures to, from, or on behalf of Institutional Permitted Clients in reliance on the Previous Decision since January 30, 2017. The Filer wishes to continue providing these services pursuant to the Ruling.
8. A **Give-Up Transaction** is a purchase or sale of futures contracts by a client that has an existing relationship with a clearing broker, but wishes to use the trade execution services of one or more other executing brokers for the purpose of executing such purchases or sales (**Subject Transactions**) on one or more markets. Under these circumstances, the executing broker executes the Subject Transactions as directed by the client and “gives up” such trades to the clearing broker for clearing, settlement, record-keeping, bookkeeping, custody and other administrative functions (**Clearing Broker Services**). The service provided by the executing broker is limited to trade execution only.
9. In a Give-Up Transaction, the clearing broker will maintain an account for the client that is administered in accordance with the terms and conditions of the account documentation of the clearing broker that has been signed by the client. The clearing broker will handle record keeping and collateral for the client. The client will not sign clearing account documentation with the executing broker, nor will the executing broker typically receive monies, margin or collateral directly from the client. Although the executing broker is responsible for its own record-keeping, bookkeeping, custody and other administrative functions (**Account Services**) in respect of its own clients, it does not, subject to any applicable regulatory requirements that may otherwise apply, provide Account Services for execution-only clients. Such Account Services remain the responsibility of the clearing broker. The clearing broker will have the primary relationship with the client and is contractually responsible for trade and risk monitoring as well as reporting trade confirmations and sending out monthly statements.
10. In order to enter into a Give-Up Transaction, a client will enter into a tri-party agreement, known as a “give-up agreement” (**Give-Up Agreement**), between an executing broker, a clearing broker, and the client. The Filer, as clearing broker, will generally use the *International Uniform Brokerage Execution Services (“Give-Up”) Agreement: Version 2017* (© Futures Industry Association Inc., 2017), as may be revised from time to time, as the Give-Up Agreement entered into with Institutional Permitted Clients.

11. Each party to the Give-Up Agreement, including the Filer as clearing broker, will represent in the Give-Up Agreement that it will perform its obligations under the Give-Up Agreement in accordance with applicable laws, governmental, regulatory, self-regulatory, exchange or clearing house rules, regulations, interpretations, protocols and the customs and usages of the exchange or clearing house on which the transactions governed by the Give-Up Agreement are executed and cleared, as in force from time to time.
12. In Ontario, an Institutional Permitted Client would place orders for Canadian Futures for execution on Canadian futures exchanges with an Ontario-registered FCM, which would then be cleared locally on the applicable Canadian futures exchange by that Ontario-registered FCM (if qualified to do so) or another clearing member of the applicable Canadian futures exchange. The executed trades would be placed into a client omnibus account maintained by the Filer with the clearing member of the applicable Canadian futures exchange that locally clears the trades, and the executed trades would be booked by the Filer to the futures account of the Ontario client maintained with the Filer for trading on exchanges globally. In this arrangement, the Ontario-registered FCM would be responsible for all client-facing interactions relating to the execution of the Canadian Futures.
13. In the case of a Montréal Exchange-listed futures contract, a member of the Canadian Derivatives Clearing Corporation (**CDCC**) would clear the trade on the Filer's behalf. Therefore, trade execution would be done by an Ontario-registered FCM, the positions would be held at CDCC by a CDCC member (which could be, but would not necessarily have to be, the executing broker) and given up to the Filer at which the Ontario Institutional Permitted Client maintains a clearing account. The Filer would then carry the resulting positions in an account maintained on its books by the Institutional Permitted Client, and the Filer would call for and collect applicable margin from the Institutional Permitted Client. The Filer, in turn, would remit the required margin to the CDCC member that cleared the trades. That CDCC member would then make the required margin payment(s) to CDCC.
14. In respect of holding client assets, in order to protect customers in the event of the insolvency or financial instability of the Filer, the Filer is required under U.S. law to ensure that customer securities and monies be separately accounted for, segregated at all times from the securities and monies of the Filer and custodied exclusively with such banks, trust companies, clearing organizations or other licensed futures brokers and intermediaries as may be approved for such purposes under the U.S. *Commodity Exchange Act* (**CEA**) and the rules promulgated by the CFTC thereunder (collectively, the **Approved Depositories**). The Filer is further required to obtain acknowledgements from any Approved Depository holding customer funds or securities related to U.S.-based transactions or accounts that such funds and securities are to be separately held on behalf of such customers, with no right of set-off against the Filer's obligations or debts.
15. As a U.S. registered broker-dealer and FCM, the Filer is subject to regulatory capital requirements under the CEA and *Securities Exchange Act of 1934* (the **1934 Act**), specifically CFTC Regulation 1.17 *Minimum Financial Requirements for Futures Commission Merchants and Introducing Brokers* (**CFTC Regulation 1.17**), SEC Rule 15c3-1 *Net Capital Requirements for Brokers or Dealers* (**SEC Rule 15c3-1**) and SEC Rule 17a-5 *Reports to be Made by Certain Brokers and Dealers* (**SEC Rule 17a-5**). The Filer has elected to compute the minimum capital requirement in accordance with the alternative net capital requirement as permitted by SEC Rule 15c3-1 and CFTC Regulation 1.17. The Alternative Net Capital (**ANC**) method provides large broker-dealer / FCMs meeting specified criteria with an alternative to use mathematical models such as the value at risk model to calculate capital requirements for market and derivatives related credit risk. Under the ANC method, the Filer must document and implement a comprehensive internal risk management system which addresses market, credit, liquidity, legal and operational risk at the firm.
16. SEC Rule 15c3-1 requires that the Filer account for any guarantee of debt of a third party in calculating its excess net capital when a loss is probable and the amount can be reasonably estimated. Accordingly, the Filer will, in the event that it provides a guarantee of any debt of a third party, take a deduction from net capital when both of the preceding conditions exist.
17. SEC Rule 15c3-1 and CFTC Regulation 1.17 are designed to provide protections that are substantially similar to the protections provided by the capital formula requirements and specifically risk adjusted capital to which dealer members of IIROC are subject. The Filer is in compliance with SEC Rule 15c3-1 and in compliance in all material respects with SEC Rule 17a-5. If the Filer's net capital declines below the minimum amount required, the Filer is required to notify the SEC and FINRA pursuant to SEC Rule 17a-11 *Notification Provisions for Brokers and Dealers* (**SEC Rule 17a-11**). The SEC and FINRA have the responsibility to provide oversight over the Filer's compliance with SEC Rule 15c3-1 and SEC Rule 17a-5.
18. The Filer is required to prepare and file a financial report, which includes Form X-17a-5 *Financial and Operational Combined Uniform Single Report* (the **FOCUS Report**), monthly with the CFTC, NFA, SEC and FINRA. The FOCUS Report provides a more comprehensive description of the business activities of the Filer, and more accurately reflects those activities including client lending activity, than would be provided by Form 31-103F1 *Calculation of Excess Working Capital* (**Form 31-103F1**). The FOCUS Report provides a net capital calculation and a comprehensive description of the business activities of the Filer. The net capital requirements computed using methods prescribed by SEC Rule 15c3-1

are based on all assets and liabilities on the books and records of a broker-dealer whereas Form 31-103F1 is a calculation of excess working capital, which is a computation based primarily on the current assets and current liabilities on the books and records of the dealer. The Filer is up-to-date in its submission of annual reports under SEC Rule 17a-5(d), including the FOCUS Report.

19. The Filer is a member of the Securities Investors Protection Corporation (**SIPC**). Subject to the eligibility criteria of SIPC, client assets held by the Filer in connection with its activities as a broker-dealer are insured by SIPC against loss due to insolvency in accordance with the Securities Investor Protection Act of 1970. There is no SIPC or similar insurance protection in connection with activities undertaken as a U.S. registered FCM.
20. The Filer is subject to CFTC Regulation 30.7 regarding cash, securities and other collateral that are deposited with a FCM or are otherwise required to be held for the benefit of its customers to margin futures and options on futures contracts traded on non-U.S. boards of trade, including Canadian Futures (**30.7 Customer Funds**). Accounts used to hold 30.7 Customer Funds must be properly titled to make clear that the funds belong to, and are being held for the benefit of, the FCM's customers who are trading foreign (i.e. non-U.S.) futures and futures options.
21. 30.7 Customer Funds may not be commingled with the funds of any other person, including the carrying FCM, except that the carrying FCM may deposit its own funds into the account containing 30.7 Customer Funds in order to prevent the accounts of the customers from becoming under-margined. Each Approved Depository (except for a derivatives clearing organization with specified rules) is required to provide the depositing FCM with a written acknowledgment that the depository was informed that such funds held in the customer account belong to customers and are being held in accordance with the CEA and CFTC Regulations. Among other representations, the depository must acknowledge that it cannot use any portion of 30.7 Customer Funds to satisfy any obligations that the FCM may owe the depository. The types of investments permitted for 30.7 Funds are restricted by CFTC Regulation 30.7(h), which refers to the list of permitted investments set forth in CFTC Regulation 1.25. The FCM is required, on a daily basis, to compute and submit to regulatory authorities a statement of the amounts of 30.7 Customer Funds held by the FCM.
22. In the event of a FCM's bankruptcy, funds allocated to each account class (i.e., the customer segregated, 30.7 secured amount and cleared swaps customer account classes established pursuant to CFTC Regulations 1.20, 30.7 and 22.2, respectively) or readily traceable to an account class must be allocated solely to that customer account class. The U.S. Bankruptcy Code also provides that non-defaulting customers in an account class that has incurred a loss will share in any shortfall, pro rata. However, customers whose funds are held in another account class that has not incurred a loss will not be required to share in such shortfall.
23. The Filer holds customer assets in accordance with Rule 15c3-3 of the 1934 Act, as amended (**SEC Rule 15c3-3**). SEC Rule 15c3-3 requires the Filer to segregate and keep segregated all "fully-paid securities" and "excess margin securities" (as such terms are defined in SEC Rule 15c3-3) of its customers from its proprietary assets. In addition to the segregation of customers' securities, SEC Rule 15c3-3 requires the Filer to deposit an amount of cash or qualified government securities determined in accordance with a reserve formula set forth in SEC Rule 15c3-3 in an account entitled "Special Reserve Account for the Exclusive Benefit of Customers" of such Filer at separate banks and/or custodians. The combination of segregated securities and cash reserve are designed to ensure that the Filer has sufficient assets to cover all net equity claims of its customers and provide protections that are substantially similar to the protections provided by the requirements dealer members of IIROC are subject. If the Filer fails to make an appropriate deposit, the Filer is required to notify the SEC and FINRA pursuant to SEC Rule 15c3-3(i). The Filer is in material compliance with the possession and control requirements of SEC Rule 15c3-3.
24. The Filer is subject to regulations of the Board of Governors of the U.S.A. Federal Reserve Board (**FRB**), the SEC, and FINRA regarding the lending of money, extension of credit and provision of margin to clients (the **U.S. Margin Regulations**) that provide protections that are substantially similar to the protections provided by the requirements regarding the lending of money, extension of credit and provision of margin to clients to which dealer members of IIROC are subject. In particular, the Filer is subject to the margin requirements imposed by the FRB, including Regulation T, and under applicable SEC rules and under FINRA Rule 4210. The Filer is in material compliance with all applicable U.S. Margin Regulations.
25. Section 22 of the CFA provides that no person may trade in a commodity futures contract or a commodity futures option unless the person is registered as a dealer [*Futures Commission Merchant*], or as a representative of the dealer, or an exemption from the registration requirement is available. The Filer's activities in providing Clearing Broker Services in Give-Up Transactions involving Canadian Futures to, from or on behalf of Institutional Permitted Clients may constitute trading in Canadian Futures.
26. The Filer's activities in providing Clearing Broker Services in Give-Up Transactions involving Canadian Futures to, from or on behalf of Institutional Permitted Clients may also constitute trading in Canadian Futures by Institutional Permitted Clients. Institutional Permitted Clients may be unable to rely on the exemptions from the dealer registration requirement

in the CFA because the Filer is not a registered dealer. Accordingly, the Filer is also seeking exemptive relief pursuant to the Ruling for Institutional Permitted Clients that receive Clearing Broker Services from the Filer.

27. The Filer believes that it would be beneficial to Institutional Permitted Clients in Ontario that trade in the international futures markets for the Filer to act as a clearing broker for both Canadian and non-Canadian futures for the Institutional Permitted Client because such an arrangement would enable the Institutional Permitted Client to benefit from significant efficiencies in collateral usage and consolidated reporting. Benefits would include single margin calls/payments, single wire transfer, ease of reconciliation, netting and cross product margining.
28. Clients may seek clearing services from the Filer in order to separate the execution of a trade from the clearing and settlement of a trade. This allows clients to use many executing brokers, without maintaining an active, ongoing clearing account with each executing broker. It also allows the client to consolidate the clearing and settlement of Canadian Futures in an account with the Filer
29. The Filer does not dictate to its clients the executing brokers through which clients may execute trades. Clients are free to directly select their executing broker. Clients send orders to the executing broker who carries out the trade. The executing broker will be an appropriately registered dealer or a person or company relying on an exemption from dealer registration that permits it to execute the trade for clients.
30. The Filer is a "market participant" as defined under subsection 1(1) of the CFA. As a market participant, among other requirements, the Filer is required to comply with the record keeping and provision of information provisions under section 14 of the CFA, which include the requirement to keep such books, records and other documents (a) as are necessary for the proper recording of business transactions and financial affairs, and the transactions executed on behalf of others, (b) as may otherwise be required under Ontario commodity futures law, and (c) as may reasonably be required to demonstrate compliance with Ontario commodity futures laws, and to deliver such records to the Commission if required.

AND UPON the Commission being satisfied that it would not be prejudicial to the public interest to do so;

IT IS RULED, pursuant to section 38 of the CFA, that the Filer is not subject to the dealer registration requirement set out in the CFA in connection with providing Clearing Broker Services in Give-Up Transactions involving Canadian Futures to, from or on behalf of Institutional Permitted Clients so long as the Filer:

- (a) has its head office or principal place of business in the U.S.;
- (b) is registered as a FCM with the CFTC, engages in the business of an FCM in the U.S., and is registered as a broker-dealer under the securities legislation of the U.S. and engages in the business of a broker-dealer in the U.S.;
- (c) is a member firm of the NFA and FINRA;
- (d) is a member of SIPC;
- (e) is subject to requirements over regulatory capital, lending of money, extension of credit and provision of margin, financial reporting to the SEC and FINRA, and/or the CFTC and NFA, and segregation and custody of assets which provide protections that are substantially similar to the protections provided by the rules to which dealer members of IIROC are subject;
- (f) limits its provision of Clearing Broker Services in respect of Give-Up Transactions involving Canadian Futures to Institutional Permitted Clients in Ontario;
- (g) does not execute trades in Canadian Futures with or for Institutional Permitted Clients in Ontario, except as permitted under applicable Ontario securities or commodities futures laws;
- (h) does not require its clients to use specific executing brokers through which clients may execute trades;
- (i) submits the financial report and compliance report as described in SEC Rule 17a-5(d) to the Commission on an annual basis, at the same time such reports are filed with the SEC and FINRA;
- (j) submits audited financial statements to the Commission on an annual basis, within 90 days of the Filer's financial year end;
- (k) submits to the Commission immediately a copy of any notice filed under SEC Rule 17a-11 or under SEC Rule 15c3-3(i) with the SEC and FINRA;
- (l) complies with the filing and fee payment requirements applicable to a registrant under OSC Rule 13-502 Fees; provided that, if the Filer does not rely on the international dealer exemption in section 8.18 of NI 31-103 (the

IDE), by December 31st of each year, the Filer pays a participation fee based on its specified Ontario revenues for its previous financial year in compliance with the requirements of Part 3 and section 6.4 of OSC Rule 13-502 *Fees* as if the Filer relied on the IDE;

- (m) files in an electronic and searchable format with the Commission such reports as to any or all of its trading activities in Canada as the Commission may, upon notice, require from time to time;
- (n) pays the increased compliance and case assessment costs of the Commission due to the Filer's location outside Ontario, including, as required, the reasonable cost of hiring a third party to perform a compliance review on behalf of the Commission;
- (o) has provided to each Institutional Permitted Client the following disclosure in writing:
 - (i) a statement that the Filer is not registered in Ontario to trade in Canadian Futures as principal or agent;
 - (ii) a statement that the Filer's head office or principal place of business is located in New York, New York, U.S.;
 - (iii) a statement that all or substantially all of the Filer's assets may be situated outside of Canada;
 - (iv) a statement that there may be difficulty enforcing legal rights against the Filer because of the above; and
 - (v) the name and address of the Filer's agent for service of process in Ontario; and
- (p) has submitted to the Commission a completed *Submission to Jurisdiction and Appointment of Agent for Service* in the form attached as Appendix "A" hereto.

This Decision will terminate on the earliest of:

- (i) the expiry of any transition period as may be provided by law, after the effective date of the repeal of the CFA; and
- (ii) five years after the date of this Decision.

AND IT IS FURTHER RULED, pursuant to section 38 of the CFA, that an Institutional Permitted Client is not subject to the dealer registration requirement in the CFA in connection with trades in Canadian Futures when receiving Clearing Broker Services in Give-Up Transactions where the Filer acts in connection with trades in Canadian Futures on behalf of the Institutional Permitted Client from the Filer pursuant to the above ruling.

"M. Cecilia Williams"
Commissioner
Ontario Securities Commission

"Frances Kordyback"
Commissioner
Ontario Securities Commission

Application File #: 2022/0021

APPENDIX "A"

SUBMISSION TO JURISDICTION AND APPOINTMENT OF AGENT FOR SERVICE

INTERNATIONAL DEALER OR INTERNATIONAL ADVISER EXEMPTED FROM REGISTRATION UNDER THE COMMODITY FUTURES ACT, ONTARIO

1. Name of person or company ("International Firm"):
2. If the International Firm was previously assigned an NRD number as a registered firm or an unregistered exempt international firm, provide the NRD number of the firm:
3. Jurisdiction of incorporation of the International Firm:
4. Head office address of the International Firm:
5. The name, e-mail address, phone number and fax number of the International Firm's individual(s) responsible for the supervisory procedure of the International Firm, its chief compliance officer, or equivalent.

Name:

E-mail address:

Phone:

Fax:
6. The International Firm is relying on an exemption order under section 38 or section 80 of the **Commodity Futures Act** (Ontario) that is similar to the following exemption in National Instrument 31-103 **Registration Requirements, Exemptions and Ongoing Registrant Obligations** (the "Relief Order"):

☐ Section 8.18 [international dealer]

☐ Section 8.26 [international adviser]

☐ Other
7. Name of agent for service of process (the "Agent for Service"):
8. Address for service of process on the Agent for Service:
9. The International Firm designates and appoints the Agent for Service at the address stated above as its agent upon whom may be served a notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal or other proceeding (a "Proceeding") arising out of or relating to or concerning the International Firm's activities in the local jurisdiction and irrevocably waives any right to raise as a defence in any such proceeding any alleged lack of jurisdiction to bring such Proceeding.
10. The International Firm irrevocably and unconditionally submits to the non-exclusive jurisdiction of the judicial, quasi-judicial and administrative tribunals of the local jurisdiction in any Proceeding arising out of or related to or concerning the International Firm's activities in the local jurisdiction.
11. Until 6 years after the International Firm ceases to rely on the Relief Order, the International Firm must submit to the regulator
 - a. a new Submission to Jurisdiction and Appointment of Agent for Service in this form no later than the 30th day before the date this Submission to Jurisdiction and Appointment of Agent for Service is terminated;
 - b. an amended Submission to Jurisdiction and Appointment of Agent for Service no later than the 30th day before any change in the name or above address of the Agent for Service;
 - c. a notice detailing a change to any information submitted in this form, other than the name or above address of the Agent for Service, no later than the 30th day after the change.
12. This Submission to Jurisdiction and Appointment of Agent for Service is governed by and construed in accordance with the laws of the local jurisdiction.

Dated: _____

(Signature of the International Firm or authorized signatory)

(Name of signatory)

(Title of signatory)

Acceptance

The undersigned accepts the appointment as Agent for Service of _____ [Insert name of International Firm] under the terms and conditions of the foregoing Submission to Jurisdiction and Appointment of Agent for Service.

Dated: _____

(Signature of the Agent for Service or authorized signatory)

(Name of signatory)

(Title of signatory)

This form, and notice of a change to any information submitted in this form, is to be submitted through the Ontario Securities Commission's Electronic Filing Portal:

<https://www.osc.gov.on.ca/filings>

Chapter 4

Cease Trading Orders

4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders

Company Name	Date of Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/Revoke
THERE IS NOTHING TO REPORT THIS WEEK.				

Failure to File Cease Trade Orders

Company Name	Date of Order	Date of Revocation
Icanic Brands Company Inc.	February 15, 2022	
Aardvark Ventures Inc.	January 11, 2016	February 16, 2022

4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders

Company Name	Date of Order	Date of Lapse
THERE IS NOTHING TO REPORT THIS WEEK.		

4.2.2 Outstanding Management & Insider Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/Expire	Date of Issuer Temporary Order
Performance Sports Group Ltd.	19 October 2016	31 October 2016	31 October 2016		

Company Name	Date of Order	Date of Lapse
Agrios Global Holdings Ltd.	September 17, 2020	
Reservoir Capital Corp.	May 5, 2021	
Cronos Group Inc.	November 16, 2021	
Edison Lithium Corp.	February 1, 2022	

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Chapter 6

Request for Comments

6.1.1 OSC Notice and Request for Comment – Proposed Amendments to OSC Rule 13-502 Fees, OSC Rule 13-503 (Commodity Futures Act) Fees and Proposed Changes to their Companion Policies

OSC NOTICE AND REQUEST FOR COMMENT

PROPOSED AMENDMENTS TO ONTARIO SECURITIES COMMISSION RULE 13-502 FEES, ONTARIO SECURITIES COMMISSION RULE 13-503 (COMMODITY FUTURES ACT) FEES AND PROPOSED CHANGES TO THEIR COMPANION POLICIES

January 21, 2022

Introduction

The Ontario Securities Commission (the **OSC**, the **Commission** or **we**) is publishing for a 90-day comment period proposed amendments (the **Proposed Amendments**) to OSC Rule 13-502 *Fees* (the **Main Fee Rule**), and to OSC Rule 13-503 (*Commodity Futures Act*) *Fees* (the **CFA Rule**), together with proposed changes to Companion Policy 13-502 *Fees* (the **Proposed Main Fee CP Changes**), and to Companion Policy 13-503 (*Commodity Futures Act*) *Fees* (the **Proposed CFA Rule CP Changes**). The Proposed Amendments, the Proposed Main Fee CP Changes and the Proposed CFA Rule CP Changes are referred to collectively as the **Proposed Materials**.

The Proposed Materials and their respective blacklines are in Annexes A to H of this Notice and Request for Comment. The Proposed Amendments reflect the increase in funding required to grow and mature our derivatives regulatory oversight program, growth and complexity of capital market activities and the OSC's expanded mandate and structure, while considering burden reduction and fair allocation of costs across market segments. These amendments establish a new fee for entities that enter into over the counter (OTC) derivatives transactions while reducing fees for certain existing fee payers to ensure that as specific sectors grow more than others, fees collected are proportionate to the cost of regulation across market segments. Furthermore, these amendments are expected to generate efficiencies for most market participants and the OSC by eliminating a number of activity and late fees without compromising investor protection.

The Proposed Amendments would:

- Add new participation fees totaling \$13.5 million towards specific entities engaged in the trading of OTC derivatives.
- Reduce an estimated \$5.6 million in annual fees for most existing payers by lowering participation fees and eliminating a number of activity and late fees.

The proposed fee reductions are in addition to approximately \$1.7 million of fee savings due to lower volumes of regulatory filings from policy-driven burden reduction initiatives, some which have already been implemented and some that are planned over the next few years. Where applicable, these fee savings will be communicated as part of the implementation plan for these initiatives.

The timing of the Proposed Amendments aligns with the OSC's periodic review of fees and are anticipated to become effective on April 3, 2023. The Proposed Materials are available on the Commission's website (www.osc.ca). We request comments on the Proposed Materials by April 21, 2022.

Background

The OSC is a self-funded agency that regulates Ontario's capital markets. The OSC's mandate is to protect investors from unfair, improper or fraudulent practices, to foster fair, efficient and competitive capital markets and confidence in the capital markets, to foster capital formation, and to contribute to the stability of the financial system and the reduction of systemic risk.

The fee structure is designed to recover the OSC's costs to provide protection to investors from unfair, improper or fraudulent practices, to foster fair, efficient and competitive capital markets and confidence in the capital markets, to foster capital formation, and to contribute to the stability of the financial system and the reduction of systemic risk. Fees are typically re-evaluated every three years based on the anticipated operating and capital costs to be incurred over the following period and infrequent cyclical investments that occur beyond a three-year cycle. The two main types of fees charged to market participants under the Main Fee Rule are participation fees and activity fees.

Participation fees are based on the cost of a broad range of regulatory services that cannot be practicably or easily attributed to individual activities or entities. Participation fees are intended to serve as a proxy for the market participants' use of the Ontario capital markets. Participation fees are calculated differently for reporting issuers, registrant firms and certain unregistered capital market participants, specified regulated entities and designated rating organizations.

Activity fees are generally charged when a document of a designated class is filed with the Commission or a request for service has been made. The set fee is based on an estimate of the average direct cost of Commission resources (labour and materials) utilized in performing an activity. Activity fees are charged in connection with the following filings: prospectuses, registration applications, reports of exempt distribution, applications for discretionary relief and various other filings.

The guiding principles used by the OSC when evaluating potential fee changes are as follows:

- Recovery of regulatory costs
- Ease of administration
- Fair and proportionate fees
- Fee predictability

As part of the OSC's periodic fee re-evaluation, market participants were informed in November 2020 that there would be no changes to the Main Fee Rule and the CFA Rule at that time, primarily as a result of uncertainty surrounding the Canadian capital markets during the early stages of the COVID-19 pandemic. The OSC implemented a cost reduction plan in fiscal year 2021 to address potential revenue implications from the COVID-19 pandemic, deferring a number of multi-year initiatives. Despite earlier market fragility concerns, Canadian equity markets have recovered from March 2020 declines and their continued growth to date has resulted in strong OSC revenues. Since the November 2020 notice, the OSC's mandate was expanded and the complexity and levels of market activity requiring regulatory oversight have increased. The OSC is in the process of implementing significant structural changes as set out in the Ontario Government's 2021 budget and in alignment with certain recommendations made by the Capital Markets Modernization Task Force, specifically to further separate the OSC Board from the Tribunal and separating OSC Chair and CEO roles. In addition, the OSC is aligning its operational capacity with growing market activity levels. We plan to draw down on cash to deliver multi-year initiatives, including a comprehensive derivatives regulatory oversight program and significant investments in technology modernization projects, some of which were previously slowed down or deferred.

When reviewing fee levels, the OSC considers the existing cash position, projected level of revenue and expenses, capital spending and the level of cash resources required to fund operations during market downturns. OSC revenues, particularly from participation fees, are impacted by capital market fluctuations. To this effect, the OSC's existing cash position provides for an appropriate reserve, comprised of cash and reserve funds.

Substance and Purpose

The Proposed Amendments are aimed at aligning fees to costs, reflective of the evolution of the regulatory landscape. This section provides information on fees required to support the maturing derivatives oversight framework while also summarizing proposed fee reductions across different market segments. The OSC's fee re-evaluation process encompasses an assessment of funding requirements to recover growing costs associated with delivering significant multi-year initiatives. Consequently, the proposed fee reductions can only be offered with a successful introduction of the derivatives participation fee.

The OSC's Oversight of the OTC derivatives market

The OSC established a Derivatives Branch in 2009 to implement the G20 Reforms following the 2008 financial crisis. The implementation of the G20 Reforms by the OSC resulted, among other things, in the creation of the following:

- a series of OTC derivatives specific rules (e.g., OSC 91-506 *Derivatives: Product Determination*, OSC 91-507 *Trade Repositories and Derivatives Data Reporting*, NI 94-101 *Mandatory Central Counterparty Clearing of Derivatives*, NI 94-102 *Derivatives: Customer Clearing and Protection of Customer Collateral and Positions*),
- proposed rules (NI 93-101 *Derivatives: Business Conduct*, NI 93-102: *Derivatives: Registration*),
- consultations (e.g., CSA Consultation Paper 92-401 *Derivatives Trading Facilities* and CSA Consultation Paper 95-401 *Margin and Collateral Requirements for Non-Centrally Cleared Derivatives*), and
- the development of a compliance oversight framework to ensure that the requirements set out in the rules that have already been implemented are being met.

The OSC's oversight continues to evolve to adequately address the complexity and growth in the OTC derivatives sector. The aggregate notional amount of OTC derivatives transactions in Ontario continues to increase significantly annually. There is over

\$60 trillion of outstanding notional and over 3.7 million OTC derivative transactions outstanding, which the OSC monitors and analyzes for the purposes of achieving its mandate. The OSC receives approximately 10-12 million OTC derivatives trade reporting records per day, or approximately 2.4 billion records per year. Consequently, significant investments in both technology and staffing resources are necessary over the next few years to ensure the OSC is positioned to effectively ingest, manage, and analyze the vast quantity and complex nature of the OTC derivatives transaction data reported and to conduct appropriate oversight of derivatives market participants and address instances of non-compliance.

The OSC's expanded systemic risk related mandate

The OSC's mandate includes the monitoring of systemic risks in the capital markets.¹ Systemic risk in the OTC derivatives market was a significant contributor to the 2008 financial crisis. Ontario's OTC derivatives market is highly concentrated with the largest derivatives dealers representing the vast majority of the market.

Monitoring systemic risk involves not only monitoring the emergence of risks and financial system vulnerabilities that can threaten the stability of capital markets and have serious negative consequences to Ontario's economy, but also identifying vulnerabilities such as access to liquidity, market fragmentation and trends in price formation that may impede efficient operation of the markets. We are continuing to evolve a framework for analyzing OTC derivatives data for systemic risk oversight and market surveillance, including the development of enhanced derivatives data capabilities and analytical tools to monitor and assess risk factors such as interconnectedness and concentration risk, as well as to detect market abuses such as manipulation and other unfair trading practices.

As part of the OSC's mandate to contribute to the stability of the financial system and the reduction of systemic risk, we also work with other provincial, federal and global agencies to enhance the identification of financial system vulnerabilities and promote financial system resilience.

In order to achieve effective systemic risk oversight in relation to OTC derivatives, we require significant increases in staffing resources and technological capabilities for risk analysis.

Summary of the New OTC Derivatives Fee

Costs to monitor and regulate the OTC derivatives market are projected to increase significantly in the future as a result of the aforementioned future investments in both technology and people. Total annual costs are anticipated to be nearly \$13.5 million by 2023, representing 9% of total projected OSC costs. These costs include direct costs and an allocation of indirect costs, such as premises, human resources, financial management, regulatory, advisory, and enforcement. The proposed targeted fee is intended to recover \$13.5 million of estimated annual costs from entities who engage in the trading of OTC derivatives.

Consistent with a participation fee model charged to other market participants, we are proposing an annual participation fee comprised of a series of tiers based on a fee payer's average outstanding notional of all transactions that are required to be reported under OSC Rule 91-507 over a one-year period. No fee is payable

- if a fee payer's average outstanding notional is under \$3 billion,
- by an entity that is not a reporting counterparty (as defined in OSC Rule 91-507), or
- by a recognized or exempt clearing agency.

¹ Securities Act (Ontario), s. 1.1, as amended by the *Stronger, Fairer Ontario Act (Budget Measures)*, 2017 (Ontario), Sch. 37, s. 2. IOSCO has referred to systemic risk as "the potential of any widespread adverse effect on the financial system and thereby on the wider economy" (*Mitigating Systemic Risk A Role for Securities Regulators*, IOSCO, February 2011 at <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD347.pdf>).

The tiers and associated fees are proposed as follows:

Outstanding Notional	Fee
\$10 trillion and over	\$ 1,900,000
\$4 trillion to under \$10 trillion	\$ 1,350,000
\$1 trillion to under \$4 trillion	\$ 750,000
\$500 billion to under \$1 trillion	\$ 450,000
\$300 billion to under \$500 billion	\$ 200,000
\$100 billion to under \$300 billion	\$ 100,000
\$50 billion to under \$100 billion	\$ 50,000
\$15 billion to under \$50 billion	\$ 15,000
\$7.5 billion to under \$15 billion	\$ 7,500
\$3 billion to under \$7.5 billion	\$ 3,000

The OSC acknowledges that while these fees will increase regulatory costs for a select group of entities (namely, large financial institutions responsible for the vast majority of derivatives transactions occurring in Ontario), we believe these fees appropriately reflect the oversight required for monitoring OTC derivatives activity in Ontario.

Summary of Fee Reductions and Fees Eliminated

As summarized below, the Proposed Amendments are expected to result in a targeted reduction in OSC participation, activity, and late fees of approximately \$5.6 million (4.0%) from fiscal year 2021. These changes are further explained under “Detailed Listing of Fee Amendments”. The Proposed Materials also include changes to improve conciseness, simplicity and understandability. In addition, we outline below various changes where we are proposing to simplify, harmonize and reduce burden on market participants.

1) Proposed participation Fee Reductions

We estimate \$3.1 million in savings from proposed fee rate reductions on participation fees, benefiting 98% of registrant firms and unregistered capital market participants and 88% of issuers. Issuers with a capitalization for the previous year below \$1 billion are expected to see rate savings between 5% to 16% while registrant firms and unregistered capital market participants with specified Ontario revenues below \$100 million are expected to see rate savings between 2% to 16%. The participation fee reduction proposal is aimed at small and medium-sized businesses as part of our ongoing efforts to reduce regulatory burden, foster capital formation and competitive capital markets.

2) Fee reductions proposed on exempt distribution filings under OSC Rule 45-501 Ontario Prospectus and Registration Exemptions and NI 45-106 Prospectus Exemptions

\$1.8 million savings from reducing fees relating to exempt distribution filings under OSC Rule 45-501 *Ontario Prospectus and Registration Exemptions* and NI 45-106 *Prospectus Exemptions*. The proposed rate reduction of 30% will reduce the fee to \$350 from \$500.

3) Elimination of certain activity and late fees

\$0.7 million savings from the proposed elimination of a number of activity fees and late fees. To streamline the fee rules, we have eliminated various activity fees that generate minimal volume and associated OSC regulatory work. In addition, we eliminated a fee that disincentivized shareholder activism, an activity that encourages accountability of public management and boards of directors. A number of document filings that attract possible late fees will be eliminated without compromising investor protection. Many of the late fees proposed to be eliminated will also result in harmonization with other Canadian Securities Administrators (CSA) jurisdictions. These amendments also reflect permanently eliminating late fees on outside business activities (OBAs), for which a moratorium has been in place since January 2019.

4) Simplify annual capital market participation fee calculation for registrant firms and unregistered capital market participants

We propose to simplify the annual capital market participation fees calculation by using the most recent completed financial statements. This calculation will no longer require the use of estimates of specified Ontario revenues by any filers, or the subsequent filing of Form 13-502F5 (Adjustment of Fee for Registrant Firms and Unregistered Capital Markets Participants) or Form 13-503F2 (Adjustment of Fee Payments for Commodity Futures Act Registrant Firms) to provide for adjustments to estimates based upon actuals. Consequently, we propose that Forms 13-502F5 and 13-503F2 be eliminated.

Under the Proposed Amendments, capital markets participation fees will be calculated using a “designated financial year”. The definition of “designated financial year” will entail the use, in the case of registrants, of actual financial information based upon most recently audited financial statements.

In the case of unregistered capital markets participants that normally do not audit their financial statements, the definition of “designated financial year” will entail the use of available unaudited financial statements.

The Proposed Amendments will change the requirement and deadline for registrant firms to file between September 1st and November 1st based on actual financial statements. The previous deadline to file was December 1. The foregoing changes will reduce burden on market participants by reducing the amount of required form filings and are not intended to have a significant financial impact on fees.

5) Simplify and clarify annual capital market participation fee submission for Class 2 reporting issuers

As part of the simplification process, we propose to repeal section 2.5, Participation fee estimate for Class 2 reporting issuers, of the Main Fee Rule and the accompanying Form 13-502F2A (Adjustment of Fee Payment for Class 2 Reporting Issuers) and eliminate the use of estimates. The method of calculating capitalization under section 2 of the Main Fee Rule, which is relevant for issuer participation fees, has also been clarified.

6) Relief for investment fund families and affiliates

Section 6.3 of the Main Fee Rule, Investment fund families and affiliated registrants, presently provides relief from the duplication of activity fees paid within investment fund families and by affiliated registrants. This relief is extended through the introduction of section 6.3(a) so that this relief applies to joint applications made by any applicants affiliated with each other. The same type of relief is also provided in section 3.3 of the CFA Rule.

7) Requests to the Commission

Minor adjustments to fees for the search of Commission public records and copies are proposed as per Rows P1 and P2 of Appendix C of the Main Fee Rule and Rows G1 and G2 of Appendix B of the CFA Rule.

8) Harmonization of Late Fee Calculations

We propose to harmonize within our fee rules and other jurisdictions the basis for the calculation of late fees by using calendar days where it currently states business days.

Detailed Listing of Fee Amendments

Proposed Fee Reductions	
Stakeholders	Description
Registrant Firms, Unregistered Capital Markets Participants	Reduce participation fees between 2% and 16% for firms with specified Ontario revenues up to \$100 million (Main Fee Rule: Appendix B, CFA Rule: Appendix A)
Issuers	Reduce participation fees between 5% and 16% for issuers with capitalization up to \$1 billion (Main Fee Rule: Appendix A/A.1)
Issuers	Reduce the activity fee from \$500 to \$350 for exempt distribution filings under OSC Rule 45-501 Ontario Prospectus and Registration Exemptions and NI 45-106 Prospectus Exemptions Report of Exempt Distribution (Main Fee Rule: Appendix C, Paragraph B)
Specified Regulated Entities	Reduce both the participation and activity fee to certain foreign clearing agencies providing services in Ontario, if they do not have a clearing member resident in Ontario. The Proposed Amendments will require such an exempt clearing agency with at least one customer resident in Ontario ² to pay an activity fee of \$15,000 (instead of \$83,000) and an annual participation fee of \$7,500 (instead of \$10,000). (Main Fee Rule: Appendix B.1, Row E1 & Appendix C, Row F5)

² As defined in National Instrument 94-102 *Derivatives: Customer Clearing and Protection of Customer Collateral and Positions*

Proposed Removal of Fees	
Stakeholders Affected	Description
Activity Fees	
Registrant Firms	Remove the activity fee of \$100 for a certified statement from the Commission/Director under section 139 of the OSA. (Main Fee Rule: Appendix C, Row M1)
Investment Funds	Remove the activity fee of \$1,500 associated with Application for approval under s.213(3) of the <i>Loan and Trust Corporations Act</i> (Main Fee Rule: Appendix C, Row E7)
Individuals	Remove the activity fee of \$30 for requests to the Commission for one's individual registration form (Main Fee Rule: Appendix C, Row P3, CFA Rule, Appendix B, Row G3)
Shareholders	Remove the activity fee of \$4,500 for filing an information circular by a person or company in connection with a solicitation that is not made by or on behalf of management (dissident proxy circular) (Main Fee Rule: Appendix C, Row J1)
Issuers	Remove the activity fee of \$2,000 for a Notice of Exemption under paragraph 2.42(2)(a) of National Instrument 45-106 (Main Fee Rule: Appendix C, Row C1)
Issuers	Remove the activity fee for distribution of securities of an issuer under section 2.9 of (Offering memorandum) National Instrument 45-106 (Main Fee Rule: Appendix C, B2.1), now consolidated within Main Fee Rule: Appendix C, B2.
Issuers	Remove the activity fee of \$500 for filing a prospecting syndicate agreement (Main Fee Rule: Appendix C, Row D1)
Issuers	Remove the activity fee of \$3,800 for rights offering circular (Main Fee Rule: Appendix C, Row B3).
Late Fees	
Issuers	Remove various issuer late fees associated with late filing of participation fee documents (Main Fee Rule: Appendix D, Paragraph A. (g), (h),(i),(l))
Specified Regulated Entities	Remove various late fees charged to specified regulated entities associated with the late filing of participation fee documents (Main Fee Rule: Appendix D, Paragraph A.(m),(n))
Registrant Firms	Remove various registration related late fees (Main Fee Rule: Appendix D, Paragraph A. (c), (e), (k), Paragraph B. and corresponding provision in Appendix C of CFA Rule.
Investment Fund Families and Affiliated Registrants	Relief provided from late fees for investment fund families and affiliated registrants: Subsection 7A.3(3) and (4) of the Main Fee Rule.

Coming-into-Force

The Proposed Amendments will come into force on April 3, 2023.

Proposed Companion Policy Changes

The Proposed Main Fee CP Changes and the Proposed CFA Rule CP Changes correspond to the Proposed Amendments to the Main Fee Rule and the CFA Rule. The purpose of the Proposed Main Fee CP Changes and Proposed CFA Rule CP Changes is to clarify the Commission's view of the application of the Proposed Amendments.

Authority for the Proposed Amendments

The following provision of the *Securities Act* (Ontario) provides the Commission with the authority to adopt the Proposed Amendments:

- Paragraph 43 of subsection 143(1) of the *Securities Act* (Ontario) authorizes the Commission to make rules prescribing fees payable to the Commission.

Request for Comments

The following provision of the *Commodity Futures Act* (Ontario) provides the Commission with the authority to adopt the Proposed Amendments:

- Paragraph 25 of subsection 65(1) of the *Commodity Futures Act* (Ontario) authorizes the Commission to make rules prescribing fees payable to the Commission.

Alternatives Considered

The Commission considered increasing existing fees across all market participants; however, we are proposing these amendments because the increasing regulatory costs for the oversight of OTC derivatives markets, and the risks they contribute to the Ontario capital markets, should be borne directly by the entities that create the need for this oversight. The derivatives dealers in the top tiers in the rule are responsible for the vast majority of derivatives transactions occurring in Ontario and therefore are a significant source of potential operational and systemic risk in the Ontario capital markets. Accordingly, they should be bearing the costs of this oversight, instead of small and medium sized participants in the market.

Unpublished Materials

The Commission has not relied on any significant unpublished study, report, decision, or other written materials in putting forward the Proposed Materials.

Content of Annexes

The following annexes form part of this Notice:

Annex A – Proposed amendments to OSC Rule 13-502 *Fees*
Annex B – Blackline of OSC Rule 13-502 *Fees* showing the proposed amendments
Annex C – Proposed changes to Companion Policy 13-502 *Fees*
Annex D – Blackline of Companion Policy 13-502 *Fees* showing the proposed changes
Annex E – Proposed amendments to OSC Rule 13-503 (*Commodity Futures Act*) *Fees*
Annex F – Blackline of OSC Rule 13-503 (*Commodity Futures Act*) *Fees* showing the proposed amendments
Annex G – Proposed changes to Companion Policy OSC Rule 13-503 (*Commodity Futures Act*) *Fees*
Annex H – Blackline of Companion Policy OSC Rule 13-503 (*Commodity Futures Act*) *Fees* showing the proposed changes
Annex I – Local Matters (Regulatory Impact Assessment)

Request for Comments

We welcome your comments on the Proposed Amendments.

How to Provide Your Comments

You must provide your comments in writing by April 21, 2022. If you are sending your comments by email, you should also send an electronic file containing the submissions using Microsoft Word.

Please send your comments to the following address:

The Secretary
Ontario Securities Commission
20 Queen Street West
22nd Floor, Box 55
Toronto, Ontario M5H 3S8
Fax: 416-593-2318
[Email: comments@osc.gov.on.ca](mailto:comments@osc.gov.on.ca)

The Commission will publish written comments received unless the Commission approves a commenter's request for confidentiality or the commenter withdraws its comment before the comment's publication.

Please refer your questions to:

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ANNEX A

This document is a clean version of proposed changes to Ontario Securities Commission Rule 13-502 (including Forms). Because of the extent of the proposed amendments, it is proposed that the entire rule will be repealed and replaced as of April 3, 2023, which would result in further changes to the numbering of the document. Due to the proposed repeal of various sections and forms, the present document contains numbering gaps which would be addressed if the entire rule is repealed and replaced.

**ONTARIO SECURITIES COMMISSION
RULE 13-502 FEES**

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**ONTARIO SECURITIES COMMISSION
RULE 13-502 FEES**

PART 1 — INTERPRETATION

1.1 Definitions — In this Rule,

“Canadian trading share”, in relation to a specified regulated entity for a specified period, means the average in the specified period of the following:

- (a) the share of the entity of the total dollar values of trades of exchange-traded securities in Canada,
- (b) the share of the entity of the total trading volume of exchange-traded securities in Canada, and
- (c) the share of the entity of the total number of trades of exchange-traded securities in Canada;

“capitalization”, in relation to a reporting issuer, means the capitalization of the reporting issuer determined in accordance with section 2.8, 2.9 or 2.10, as the case may be;

“capital markets activities” means activities for which registration is required, or activities for which an exemption from registration is required under the Act or under the *Commodity Futures Act*, or would be so required if those activities were carried on in Ontario;

“Class 1 reporting issuer” means a reporting issuer, other than a Class 3A reporting issuer or a Class 3B reporting issuer, that at the end of its previous financial year, had securities listed or quoted on a marketplace;

“Class 2 reporting issuer” means a reporting issuer other than a Class 1 reporting issuer, a Class 3A reporting issuer or a Class 3B reporting issuer;

“Class 3A reporting issuer” means a reporting issuer that is not incorporated under the laws of Canada or a province or territory and that

- (a) had no securities listed or quoted on any marketplace at the end of its previous financial year, or
- (b) had securities listed or quoted on a marketplace at the end of its previous financial year and all of the following apply:
 - (i) at the end of its previous financial year, securities registered in the names of persons or companies resident in Ontario represented less than 1% of the market value of all of the reporting issuer’s outstanding securities for which it or its transfer agent or registrar maintains a list of registered owners;
 - (ii) the reporting issuer reasonably believes that, at the end of its previous financial year, securities beneficially owned by persons or companies resident in Ontario represented less than 1% of the market value of all its outstanding securities;
 - (iii) the reporting issuer reasonably believes that none of its securities traded on a marketplace in Canada during its previous financial year;
 - (iv) the reporting issuer 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 subsidiaries, or
 - (B) to a person or company exercising a right previously granted by the reporting issuer 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 that

- (a) is not a Class 3A reporting issuer, and
- (b) is a designated foreign issuer or an SEC foreign issuer as those terms are defined in National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*;

“derivatives fee year” means a one-year period commencing on July 1 of the then previous year and ending on June 30 of the then current year;

“designated financial year” in connection with the filing at any time of a completed Form 13-502F4 means,

- (a) if the filing is by a registrant firm, the most recently completed financial year of the registrant firm, determined at the time of the filing, for which audited financial statements are available, and
- (b) if the filing is by an unregistered capital market participant, the most recent completed financial year of the unregistered capital market participant, determined at the time of the filing, for which
 - (i) audited annual financial statements are available; or
 - (ii) unaudited annual financial statements are available, if the unregistered capital market participant does not ordinarily have its annual financial statements audited;

“Form 13-502F4” means Form 13-502F4 *Capital Markets Participation Fee Calculation*;

“Form 45-106F1” means Form 45-106F1 *Report of Exempt Distribution*;

“generally accepted accounting principles”, in relation to a person or company, means the generally accepted accounting principles used to prepare the financial statements of the person or company in accordance with Ontario securities law;

“highest trading marketplace” means

- (a) the marketplace on which the highest volume in Canada of the class or series was traded in the previous financial year and which discloses regularly the prices at which those securities have traded,
- (b) if the class or series was not traded in the previous financial year on a marketplace in Canada, the marketplace on which the highest volume in the United States of America of the class or series was traded in the previous financial year and which discloses regularly the prices at which those securities have traded, or
- (c) if the class or series was not traded in the previous financial year on a marketplace in Canada or the United States of America, the marketplace on which the highest volume of the class or series was traded in the previous financial year and which discloses regularly the prices at which those securities have traded;

“IIROC” means the Investment Industry Regulatory Organization of Canada;

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

“net assets”, in relation to a person or company, means the total assets minus the total liabilities of the person or company, determined in accordance with the generally accepted accounting principles applying to the person or company;

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

“NI 33-109” means National Instrument 33-109 *Registration Information*;

“NI 45-106” means National Instrument 45-106 *Prospectus Exemptions*;

“NI 51-102” means National Instrument 51-102 *Continuous Disclosure Obligations*;

“NI 52-107” means National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*;

“Ontario percentage” means, in relation to a person or company for a designated financial year,

- (a) in the case of a person or company that had a permanent establishment in Ontario in the designated financial year and no permanent establishment elsewhere, 100%,
- (b) in the case of a person or company that had a permanent establishment in Ontario and elsewhere in the designated financial year and had taxable income in the designated financial year that is positive, the percentage of the taxable income that is taxable income earned in the year in Ontario, and
- (c) in any other case, the percentage of the total revenues of the person or company for the designated financial year attributable to capital markets activities in Ontario;

“OSC Rule 91-507” means Ontario Securities Commission Rule 91-507 *Trade Repositories and Derivatives Data Reporting*;

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

“permanent establishment” means a permanent establishment as defined in subsection 400(2) of the *Income Tax Regulations* (Canada);

“permitted individual” has the same meaning as in NI 33-109;

“previous financial year” means the most recently completed financial year of the person or company;

“principal regulator” has the same meaning as in NI 33-109;

“quarterly period” means, in respect of a financial year of a reporting issuer,

- (a) in the case of a 12 month financial year, the period ending on the last day of the financial year and the periods ending nine, six and three months before the end of the financial year, or
- (b) in any other case, each of four consecutive equal length periods during the financial year, in which the first period commences on the first day of the financial year of the reporting issuer and the fourth period ends on the last day of the financial year of the reporting issuer;

“registrant firm” means a registered dealer, registered adviser or registered investment fund manager;

“specified Ontario revenues”, in relation to a person or company for a designated financial year, means the revenues of the person or company calculated for the designated financial year under section 3.5 or 3.6, as the case may be;

“specified period” means the period beginning on April 1 of the previous year and ending on March 31 of the year;

“specified regulated entity” means a person or company described in Column A of Appendix B.1 of the rule;

“subsidiary” means, subject to subsection 1(4) of the Act, a subsidiary of a person or company as determined in accordance with the generally accepted accounting principles applying to the person or company;

“taxable income” means taxable income as determined under the *Income Tax Act* (Canada);

“taxable income earned in the year in Ontario”, in relation to a person or company for a financial year, means the taxable income of the person or company earned in the financial year in Ontario as determined under Part IV of the *Income Tax Regulations* (Canada);

“unregistered capital markets participant” means

- (a) an unregistered investment fund manager;
- (b) an unregistered exempt international firm; or
- (c) a funding portal relying on the exemption in section 3 of National Instrument 45-110 *Start-up Crowdfunding Registration and Prospectus Exemptions*.

“unregistered exempt international firm” means a dealer or adviser that is not registered under the Act if one or both of the following apply:

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

“unregistered investment fund manager” means an investment fund manager that is exempt from the investment fund manager registration requirement only because of section 4 [*Permitted clients*] of Multilateral Instrument 32-102 *Registration Exemptions for Non-Resident Investment Fund Managers*.

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

PART 2 — CORPORATE FINANCE PARTICIPATION FEES**Division 1: General**

2.1 Application — This Part does not apply to an investment fund that has an investment fund manager.

2.2 Participation fee

- (1) A reporting issuer that is a Class 1 reporting issuer or a Class 2 reporting issuer must, after each of its financial years, pay the participation fee shown in Appendix A opposite the capitalization of the reporting issuer for the previous financial year.
- (2) A reporting issuer that is a Class 3A reporting issuer must, after each of its financial years, pay a participation fee of \$1,000.
- (3) A reporting issuer that is a Class 3B reporting issuer must, after each of its financial years, pay the participation fee shown in Appendix A.1 opposite the capitalization of the reporting issuer for the previous financial 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 the period that begins immediately after the time that would otherwise be the end of the previous financial year in respect of the participation fee and ends at the time the participation fee would otherwise be required to be paid under section 2.3.

2.3 Time of payment — A reporting issuer must pay the participation fee required under section 2.2 by the earlier of

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

2.4 Participation fee exemptions for subsidiaries

- (1) Section 2.2 does not apply to a reporting issuer that is a subsidiary if all of the following apply:
 - (a) at the end of the subsidiary's previous financial year, an issuer that was a Class 1 or Class 2 reporting issuer was the parent of the subsidiary;
 - (b) the audited financial statements of the parent prepared in accordance with NI 52-107 require the consolidation of the parent and the subsidiary;
 - (b.1) to the extent required by section 2.8 or 2.9, the capitalization of the parent for its previous financial year included the capitalization of the subsidiary;
 - (c) the parent paid its participation fee for its previous financial year, with reference to section 2.8 or 2.9;
 - (e) in the subsidiary's previous financial year, the subsidiary was entitled to rely on an exemption or waiver from the requirements in subsections 4.1(1), 4.3(1), 5.1(1) or section 5.2 and section 6.1 of NI 51-102.
- (2) A reporting issuer referred to in subsection (1) must file a completed Form 13-502F6 *Subsidiary Exemption Notice* that contains a certification signed by an officer of the reporting issuer, by the date on which its annual financial statements for its previous financial year would have been required to be filed under Ontario securities law absent an exemption or waiver described in paragraph (1)(e).

2.6 Filing report and certification

- (1) At the time that it pays the participation fee required by this Part,
 - (a) a Class 1 and a Class 3B reporting issuer must file a completed Form 13-502F1 *Class 1 and Class 3B Reporting Issuers – Participation Fee*,
 - (b) a Class 2 reporting issuer must file a completed Form 13-502F2 *Class 2 Reporting Issuers – Participation Fee*, and
 - (c) a Class 3A reporting issuer must file a completed Form 13-502F3A *Class 3A Reporting Issuers – Participation Fee*.

- (2) A form required to be filed under subsection (1) must contain a certification signed by an officer of the reporting issuer.

2.7 Late fee

- (1) A reporting issuer that is late in paying a participation fee under this Part must pay an additional late fee of 0.1% of the unpaid portion of the participation fee for each day on which any portion of the participation fee was due and unpaid.
- (2) If a late fee calculated under subsection (1) is less than \$100, it is deemed to be nil.

Division 2: Calculating Capitalization

2.8 Class 1 reporting issuers

- (1) The capitalization of a Class 1 reporting issuer for the previous financial year is the total of all of the following:
 - (a) for each class or series of the reporting issuer's equity securities listed or quoted on a marketplace, the sum of the market value of the securities listed or quoted on a marketplace at the end of the last trading day of each quarterly period in the previous financial year of the reporting issuer divided by four;
 - (b) if section 2.4 applies to a subsidiary of the reporting issuer, for each class or series of equity securities of the subsidiary, the sum of the market value of the subsidiary's securities listed or quoted on a marketplace at the end of the last trading day of each quarterly period in the previous financial year of the subsidiary divided by four, to the extent that this sum has not otherwise been included in the capitalization of the reporting issuer for the previous financial year;
 - (c) the fair value of the outstanding debt securities of the reporting issuer at the end of the previous financial year that are,
 - (i) listed or quoted on a marketplace,
 - (ii) traded over the counter, or
 - (iii) available for purchase or sale without regard to a statutory hold period;
 - (d) the fair value of the outstanding debt securities of the reporting issuer's subsidiaries at the end of the previous financial year for subsidiaries that are not reporting issuers, to the extent that those outstanding debt securities are consolidated in the reporting issuer's financial statements and are
 - (i) listed or quoted on a marketplace,
 - (ii) traded over the counter, or
 - (iii) available for purchase or sale without regard to a statutory hold period;
 - (e) the fair value of the outstanding debt securities of the reporting issuer's subsidiaries at the end of the previous financial year for subsidiaries that are reporting issuers to which section 2.4 applies, to the extent that those outstanding debt securities are
 - (i) listed or quoted on a market place,
 - (ii) traded over the counter, or
 - (iii) available for purchase or sale without regard to a statutory hold period.
- (2) For the purpose of paragraphs (1)(a) and (b), the market value of each class or series of a reporting issuer's equity securities listed or quoted on a market place is calculated for each quarterly period as follows:
 - A × B
 - in which,
 - "A" is equal to the closing price of the security in the class or series on the last trading day of the quarterly period in which such security was listed or quoted on the highest trading market place, and

“B” is equal to the number of securities in the class or series of such security outstanding at the end of the quarterly period.

2.9 Class 2 reporting issuers

- (1) The capitalization of a Class 2 reporting issuer for the previous financial 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 previous financial 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 the previous financial year if it is not required to prepare, and does not ordinarily prepare, audited annual financial statements.

2.10 Class 3B reporting issuers — The capitalization of a Class 3B reporting issuer must be determined under section 2.8, as if it were a Class 1 reporting issuer.

2.11 Reliance on published information

- (1) Subject to subsection (2), in determining its capitalization, a reporting issuer may rely on information made available by a marketplace on which its securities trade.
- (2) If a reporting issuer reasonably believes that the information made available by a marketplace is incorrect, the issuer must make a good faith estimate of the information required.

PART 3 — CAPITAL MARKETS PARTICIPATION FEES

Division 1: General

3.1 Participation fee — Registrant firms and unregistered capital markets participants

- (1) A registrant firm or an unregistered capital markets participant must, after August 31 and before November 2 in each year, file a completed Form 13-502F4 showing the information required to determine the applicable participation fee referred to in sections 3.5 or 3.6.
- (2) A registrant firm or an unregistered capital markets participant must, by December 31 in each year, pay the participation fee shown in Appendix B opposite the specified Ontario revenues for the designated financial year of the firm or participant.
- (3) Despite subsections (1) and (2), if a person or company that was neither a registrant firm nor an unregistered capital market participant becomes, between November 1 and December 31, a registrant firm or an unregistered capital markets participant, it must, within 60 days of the date of it becoming a registrant firm or unregistered capital markets participant
 - (a) file a completed Form 13-502F4; and
 - (b) pay the participation fee determined in the completed Form 13-502F4.

3.3 Certification

- (1) A Form 13-502F4 required to be filed under section 3.1 must contain a certification signed by any one of the following:
 - (a) the chief compliance officer of the registrant firm or the unregistered capital markets participant;
 - (b) in the case of an unregistered capital markets participant without a chief compliance officer, an individual acting in a similar capacity;
 - (c) a specified officer of the registrant firm or the unregistered capital markets participant, or an individual acting in a similar capacity;
 - (d) a director of the registrant firm or the unregistered capital markets participant.
- (2) For the purposes of paragraph (1)(c), "specified officer" of a registrant firm or an unregistered capital markets participant, means an individual with any one or more of the following positions in relation to the registrant firm or the unregistered capital market participant:
 - (a) chief executive officer;
 - (b) chief financial officer;
 - (c) chief operating officer.

3.4 Late fee

- (1) A person or company that is late in paying a participation fee under this Part must pay an additional late fee of 0.1% of the unpaid portion of the participation fee for each day on which any portion of the participation fee was due and unpaid.
- (2) A late fee calculated under subsection (1) is deemed to be nil if it is less than \$100.

Division 2: Calculating Specified Ontario Revenues

3.5 Calculating specified Ontario revenues for IIROC and MFDA members

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

3.6 Calculating specified Ontario revenues for others

- (1) The specified Ontario revenues for a designated financial year of either an unregistered capital markets participant or a registrant firm that was not a member of IIROC or the MFDA at the end of the designated financial year is calculated by multiplying
 - (a) the total gross revenues, of the unregistered capital markets participants or the registrant firm, for the designated financial year, less deductions permitted under subsection (2),
 - by

- (b) the Ontario percentage of the unregistered capital markets participant or the registrant firm for the designated financial year.
- (2) For the purpose of paragraph (1)(a), an unregistered capital markets participant or a registrant firm may deduct the following items, if earned in the designated financial year, from its total gross revenues:
 - (a) revenues not attributable to capital markets activities;
 - (b) redemption fees earned on the redemption of investment fund securities that were sold on a deferred sales charge basis;
 - (c) administration fees earned relating to the recovery of costs from investment funds managed by it for operating expenses that it paid on behalf of the investment funds;
 - (d) advisory or sub-advisory fees paid during the designated financial year by it 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 designated financial year by it to a registrant firm described in subparagraph (d)(i).
- (3) Despite subsection (1), an unregistered capital markets participant may calculate its gross revenues using unaudited financial statements if it does not ordinarily prepare audited financial statements.

PART 4 — PARTICIPATION FEES FOR SPECIFIED REGULATED ENTITIES

4.1 Recognized exchange

- (1) A recognized exchange must, no later than April 30 in each year, pay the participation fee shown in Column B of Appendix B.1 opposite the corresponding Canadian trading share of the exchange for the specified period in Rows A1 to A6 of Column A.
- (2) If there are two or more recognized exchanges, each of which is related to each other,
 - (a) the obligation under subsection (1) and Appendix B.1 must be calculated as if the recognized exchanges are a single entity, and
 - (b) each recognized exchange is jointly and severally liable in respect of the obligation.

4.2 Recognized quotation and trade reporting system

A recognized quotation and trade reporting system must, no later than April 30 in each year, pay the participation fee shown in Column B of Appendix B.1 opposite the corresponding Canadian trading share of the quotation and trade reporting system for the specified period in Rows A1 to A6 of Column A.

4.3 Alternative trading system

- (1) An alternative trading system described in Row C1 in Column A of Appendix B.1 must, no later than April 30 in each year, pay a participation fee equal to the lesser of
 - (a) the participation fee set for the alternative trading system in Column B of Appendix B.1 as if it were a recognized exchange, opposite the corresponding Canadian trading share of the alternative trading system for the specified period in Rows A1 to A6 of Column A, less the capital markets participation fee paid under section 3.1 by the person or company in the preceding year, and
 - (b) \$17,000.
- (2) An alternative trading system described in Row C2 in Column A of Appendix B.1 must, no later than April 30 in each year, pay a participation fee equal to the lesser of
 - (a) \$30,000, less the capital markets participation fee paid under section 3.1 by the person or company in the preceding year, and
 - (b) \$8,750.

- (3) An alternative trading system described in Row C3 in Column A of Appendix B.1 must, no later than April 30 in each year, pay a participation fee equal to the lesser of
- (a) \$30,000, less the capital markets participation fee paid under section 3.1 by the person or company in the preceding year, and
 - (b) \$17,000.
- (4) If the amount determined under paragraph (1)(a), (2)(a) or (3)(a) is negative, the amount must be refunded to the person or company not later than June 1 in the year.
- (5) If there are two or more alternative trading systems that trade the same asset class, each of which is related to each other,
- (a) the obligation under subsection (1), (2) or (3) and Appendix B.1 must be calculated as if the alternative trading systems are a single entity, and
 - (b) each alternative trading system is jointly and severally liable in respect of the obligation.
- (6) If there are two or more alternative trading systems, each of which is related to each other and each of which trades different asset classes, then each alternative trading system must pay a participation fee as determined under subsection (1), (2) or (3).

4.4 Recognized clearing agencies

A recognized clearing agency must, no later than April 30 in each year, pay the aggregate of the participation fees shown in Column B of Appendix B.1 opposite the services described in Rows D1 to D6 of Column A that are provided by the clearing agency in the specified period.

4.5 Other specified regulated entities

A person or company described in row B1, E1, E2 or F1 in Column A of Appendix B.1 must, no later than April 30 in each year, pay the participation fee shown in Column B of Appendix B.1 opposite the corresponding description in Row B1, E1, E2 or F1, as the case may be.

4.6 Participation fee on recognition, designation, etc.

- (1) A person or company must, on the date it first becomes a specified regulated entity, pay a participation fee calculated as follows:
- $$A \times B \div 12$$
- in which,
- “A” is
- (a) in the case of a recognized exchange, a recognized quotation and trade reporting system or an alternative trading system, \$30,000,
 - (b) in the case of an exchange exempt from recognition under the Act, \$10,000,
 - (c) in the case of a recognized clearing agency, the aggregate of the participation fees shown in Column B of Appendix B.1 opposite the services described in Rows D1 to D6 of Column A that are to be provided by the clearing agency in the specified period,
 - (d) in the case of a clearing agency exempt from recognition under the Act, \$10,000,
 - (e) in the case of a designated trade repository, \$30,000, and
- “B” is the number of complete months remaining from the month in which the person or company first became a specified regulated entity until March 31.
- (2) If a person or company first becomes a specified regulated entity between January 1 and March 31 of a year, the fee required to be paid under subsection (1) is in addition to the fee required to be paid by the person or company in the same year under section 4.1 to section 4.5.

4.7 Form — A payment made under section 4.1 to section 4.6 must be accompanied by a completed Form 13-502F7 *Specified Regulated Entities – Participation Fee*.

4.8 Late fee

- (1) A person or company that is late paying a participation fee under this Part must pay an additional late fee of 0.1% of the unpaid portion of the participation fee for each day on which any portion of the participation fee was due and unpaid.
- (2) If the late fee calculated under subsection (1) is less than \$100, it is deemed to be nil.

PART 5 — PARTICIPATION FEES FOR DESIGNATED CREDIT RATING ORGANIZATIONS

5.1 Payment of participation fee

- (1) A designated credit rating organization must, after each financial year,
 - (a) pay a participation fee of \$15,000, and
 - (b) file a completed Form 13-502F8 *Designated Credit Rating Organizations – Participation Fee* containing a certification signed by an officer of the designated credit rating organization.
- (2) A designated credit rating organization must comply with subsection (1) by the earlier of
 - (a) the date on which it is required to file a completed Form 25-101FI *Designated Rating Organization Application and Annual Filing* in respect of the financial year under National Instrument 25-101 *Designated Rating Organizations*, and
 - (b) the date on which it files a completed Form 25-101FI *Designated Rating Organization Application and Annual Filing* in respect of the financial year.

5.2 Late fee

- (1) A designated credit rating organization that is late paying a participation fee under this Part must pay an additional late fee of 0.1% of the unpaid portion of the participation fee for each day on which any portion of the participation fee was due and unpaid.
- (2) If a late fee calculated under subsection (1) is less than \$100, it is deemed to be nil.

PART 5A — DERIVATIVES PARTICIPATION FEE

5A.1 Definitions — In this Part, “transaction” has the meaning ascribed to it in OSC Rule 91-507.

5A.2 Participation fee

- (1) A person or company is a fee payer for the purposes of this Part in respect of a derivatives fee year where both of the following conditions are satisfied:
 - (a) with respect to any transaction in the derivatives fee year, the person or company was a reporting counterparty (as defined in OSC Rule 91-507);
 - (b) the person or company was neither a recognized clearing agency nor exempt by the Commission from the requirement to be recognized as a clearing agency.
- (2) A fee payer must pay a participation fee, shown in Appendix B.2, for a derivatives fee year, determined with reference to the payer’s average daily notional amount outstanding during the derivatives fee year.
- (3) A fee payer’s average daily notional amount outstanding during a derivatives fee year is determined with regard to each transaction required to be reported under OSC Rule 91-507 for which the fee payer is a counterparty and notwithstanding Part 7.1 of this Rule is calculated as follows:
 - (a) for each day in the derivatives fee year, determine the total of the notional amounts of the fee payer’s outstanding positions, as reported under OSC Rule 91-507, referenced in the currency of the outstanding position, as reported under OSC Rule 91-507,
 - (b) aggregate the total notional amounts referred to in paragraph (a) for each currency for all days in the derivatives fee year,

- (c) for each aggregate determined in respect of a currency (other than the Canadian dollar) under paragraph (b), calculate the Canadian dollar equivalent using the daily exchange rate for the last business day of the derivatives fee year, as posted on the Bank of Canada website,
 - (d) add the amount determined under paragraph (b) in respect of the Canadian dollar and the total of the Canadian dollar equivalents determined under paragraph (c), and
 - (e) divide the total determined under paragraph (d) by the number of days in the derivatives fee year to obtain the fee payer's average daily notional amount outstanding during the derivatives fee year.
- (4) The payment required of a fee payer by subsection (2) in respect of a derivatives fee year must be made by the fee payer not more than 60 days after the end of the derivatives fee year and be accompanied by Form 13-502F9 *Form Accompanying Payment of Derivatives Participation Fee*.

5A.3 Late fee

- (1) A fee payer that is late in paying a participation fee under this Part must pay an additional late fee of 0.1% of the unpaid portion of the participation fee for each day on which any portion of the participation fee was due and unpaid.
- (2) If a late fee calculated under subsection (1) is less than \$100, it is deemed to be nil.

PART 6 — ACTIVITY FEES

- 6.1 Activity fees — General** — A person or company must, when filing a document or taking an action described in any of Rows A1 to O4 of Column A of Appendix C, pay the fee shown opposite the description of the document or action in Column B.
- 6.2 Information request** — A person or company that makes a request described in Row P1 or P2 of Column A of Appendix C must pay the fee shown opposite the description of the request in Column B of Appendix C before receiving the document or information requested.
- 6.2.1 Affiliated entities** — (1) Despite section 6.1, only one fee must be paid under this Part for an application, in respect of a joint activity, made jointly by applicants affiliated with each other.
- (2) Without limiting the generality of subsection (1), only one fee must be paid under this Part where an application for exemptive relief is made jointly by applicants affiliated with each other.
- 6.3 Investment fund families** — Despite section 6.1, 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.

PART 7 — CURRENCY CONVERSION

- 7.1 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 exchange rate for the last business day preceding the particular date as posted on the Bank of Canada website.

PART 7A — FEES FOR LATE FILING OR DELIVERY

- 7A.1 Definitions** — For the purposes of this Part,

“applicable limit” of a person or company for a year means

- (a) if the person or company is required to pay a participation fee in the year under Part 3 and the specified Ontario revenues for the designated financial year on which the participation fee is based are greater than or equal to \$500 million, \$10,000 for that year, and
- (b) in any other case, \$5,000 for that year;

“covered document” means a form or document listed in Row A of Column A of Appendix D;

“specified late day” means a day occurring after April 2, 2023.

Late fee for covered documents

7A.2 A person or company that files or delivers a covered document after it was required to be filed or delivered, must, when filing or delivering it, pay the fee determined under section 7.A.3 in respect of the covered document.

Amount of fee

- 7A.3**
- (1) Subject to subsection (2), the fee for a covered document is equal to \$100 multiplied by the number of specified late days following the date the covered document was required to be filed or delivered until the date the covered document is filed or delivered.
 - (2) Despite subsection (1), the maximum late fee payable by a person or company under section 7.A.2 and attributable to a year for all covered documents is equal to the applicable limit.
 - (3) If an investment fund and one more other investment funds have the same investment fund manager or investment fund managers that are affiliates of each other and each of those investment funds has failed to file the same type of covered document due by the same date, a fee paid under section 7.A.2 by the first-mentioned investment fund in respect of that covered document and attributable to a year is deemed for the purposes of this section to have been paid by each of the other investment funds and be attributable to that year.
 - (4) If a registrant firm and one or more registrant firms are affiliates of each other and each of those registrant firms has failed to file the same type of a covered document due by the same date, a fee paid under section 7.A.2 by the first-mentioned registrant firm in respect of the covered document and attributable to a year is deemed for the purposes of this section to have been paid by each of the other registrant firms and be attributable to that year.

Fee for late filing of a Form 45-106F1

7A.4 A person or company that files a Form 45-106F1 after it was required to be filed must pay the fee shown in Row C of Column B of Appendix D when filing the form.

Fee for late filing of a Form 13-502F9

7A.5 A person or company that files a Form 13-502F9 after it was required to be filed must pay the fee shown in Row C.1 of Column B of Appendix D when filing the form.

Fee for late filing of insider reports

- 7A.6**
- (1) A person or company that files a Form 55-102F2 *Insider Report* after it was required to be filed must pay the fee shown in Row D of Column B of Appendix D on receiving an invoice from the Commission.
 - (2) Subsection (1) does not apply to the late filing of a Form 55-102F2 *Insider Report* by an insider of a reporting issuer if
 - (a) the head office of the reporting issuer is located outside Ontario; and
 - (b) the insider is required to pay a fee for the late filing in another province or territory.

7A.7 Transition — Late fees accrued before April 3, 2023

A person or company that files or delivers a form or document listed in Row A or B of Column A of Appendix D of this Rule as it read on April 2, 2023 that was required to be filed or delivered before April 3, 2023, must, when filing or delivering it, pay the late fee determined under this Rule as it read on April 2, 2023 for the period from the date the form or document is required to be filed or delivered until April 2, 2023.

PART 8 — EXEMPTION

8.1 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 9 — REVOCATION AND EFFECTIVE DATE

9.1 Revocation — Rule 13-502 Fees, as amended to October 18, 2019, is revoked.

9.2 Effective date — This Rule comes into force on April 3, 2023.

Appendix A

CORPORATE FINANCE PARTICIPATION FEES
Subsection 2.2(1)

Capitalization for the Previous Financial Year	Participation Fee
Under \$10 million	\$750
\$10 million to under \$25 million	\$1,000
\$25 million to under \$50 million	\$2,400
\$50 million to under \$100 million	\$6,100
\$100 million to under \$250 million	\$12,700
\$250 million to under \$500 million	\$27,900
\$500 million to under \$1 billion	\$38,900
\$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

Appendix A.1

CORPORATE FINANCE PARTICIPATION FEES FOR CLASS 3B ISSUERS
Subsection 2.2(3)

Capitalization for the Previous Financial Year	Participation Fee
under \$10 million	\$750
\$10 million to under \$25 million	\$1,000
\$25 million to under \$50 million	\$1,110
\$50 million to under \$100 million	\$2,030
\$100 million to under \$250 million	\$4,225
\$250 million to under \$500 million	\$9,300
\$500 million to under \$1 billion	\$13,000
\$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

Appendix B**CAPITAL MARKETS PARTICIPATION FEES**
Section 3.1

Specified Ontario Revenues for the Designated Financial Year	Participation Fee
under \$250,000	\$700
\$250,000 to under \$500,000	\$975
\$500,000 to under \$1 million	\$3,200
\$1 million to under \$3 million	\$7,150
\$3 million to under \$5 million	\$16,100
\$5 million to under \$10 million	\$34,300
\$10 million to under \$25 million	\$70,000
\$25 million to under \$50 million	\$105,200
\$50 million to under \$100 million	\$217,000
\$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

Appendix B.1

PARTICIPATION FEES FOR SPECIFIED REGULATED ENTITIES
Part 4 of the Rule

Row	Specified Regulated Entity (Column A)	Participation Fee (Column B)
A. Recognized exchange and recognized quotation and trade reporting system		
A1	A person or company with a Canadian trading share for the specified period of up to 5%.	\$30,000
A2	A person or company with a Canadian trading share for the specified period of 5% to up to 15%.	\$50,000
A3	A person or company with a Canadian trading share for the specified period of 15% to up to 25%.	\$135,000
A4	A person or company with a Canadian trading share for the specified period of 25% to up to 50%.	\$275,000
A5	A person or company with a Canadian trading share for the specified period of 50% to up to 75%.	\$400,000
A6	A person or company with a Canadian trading share for the specified period of 75% or more.	\$500,000
B. Exchanges Exempt from Recognition under the Act		
B1	A person or company that is exempted by the Commission from the application of subsection 21(1) of the Act.	\$10,000
C. Alternative Trading Systems		
C1	Each alternative trading system for exchange-traded securities only.	Lesser of (a) The amount in A1 to A6 determined based on Canadian trading share of alternative trading system less capital markets participation fee paid in respect of previous year, and (b) \$17,000
C2	Each alternative trading system only for unlisted debt or securities lending.	Lesser of (a) \$30,000 less capital markets participation fee paid in respect of the previous year, and (b) \$8,750
C3	Each alternative trading system not described in Row C1 or C2.	Lesser of (a) \$30,000 less capital markets participation fee paid in respect of the previous year, and (b) \$17,000
D. Recognized Clearing Agencies – Services		
D1	Matching services, being the provision of facilities for comparing data respecting the terms of settlement of a trade or transaction.	\$10,000
D2	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

Row	Specified Regulated Entity (Column A)	Participation Fee (Column B)
D3	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
D4	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
D5	Acting as a central clearing counterparty by providing novation services, if the Commission places reliance on another regulator for direct oversight.	\$70,000
D6	Depository services, being the provision of centralized facilities as a depository for securities.	\$20,000
E1	E. Clearing Agencies Exempt from Recognition under the Act Each clearing agency that (a) is exempted by the Commission from the application of subsection 21.2(1) of the Act, (b) does not have a clearing member resident in Ontario, and (c) has at least one customer, as defined in National Instrument 94-102 <i>Derivatives: Customer Clearing and Protection of Customer Collateral and Positions</i> , resident in Ontario.	\$7,500
E2	Each clearing agency that (a) is exempted by the Commission from the application of subsection 21.2(1) of the Act, and (b) has at least one clearing member resident in Ontario.	\$10,000
F1	F. Designated Trade Repositories Each designated trade repository designated under subsection 21.2.2(1) of the Act.	\$30,000

Appendix B.2

DERIVATIVES PARTICIPATION FEE
Section 5A.2

Average Daily Notional Amount Outstanding during Derivatives Fee Year	Participation Fee
under \$3 billion	\$0
\$3 billion to under \$7.5 billion	\$3,000
\$7.5 billion to under \$15 billion	\$7,500
\$15 billion to under \$50 billion	\$15,000
\$50 billion to under \$100 billion	\$50,000
\$100 billion to under \$300 billion	\$100,000
\$300 billion to under \$500 billion	\$200,000
\$500 billion to under \$1 trillion	\$450,000
\$1 trillion to under \$4 trillion	\$750,000
\$4 trillion to under \$10 trillion	\$1,350,000
\$10 trillion and over	\$1,900,000

Appendix C

ACTIVITY FEES
Sections 6.1 and 6.2

Row	Document or Activity (Column A)	Fee (Column B)
A. Prospectus Filings		
A1	Preliminary or Pro Forma Prospectus in Form 41-101F1 <i>Information Required in a Prospectus</i> (including if PREP procedures are used)	\$3,800
A2	Additional fee for each technical report that supports scientific and technical information relating to a mineral project that is included in a Preliminary or Pro Forma Prospectus.	\$2,500 for each technical report for which a fee under this Appendix has not previously been paid
A3	Preliminary Short Form Prospectus in Form 44-101F1 <i>Short Form Prospectus</i> (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 province or territory in connection with a distribution solely in the United States under MJDS as described in the companion policy to National Instrument 71-101 <i>The Multijurisdictional Disclosure System</i> .	\$3,800
A4	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 <i>Contents of Simplified Prospectus</i> and Form 81-101F2 <i>Contents of Annual Information Form</i> (b) Preliminary or Pro Forma Prospectus in Form 41-101F2 <i>Information Required in an Investment Fund Prospectus</i> or Scholarship Plan Prospectus in Form 41-101F3 <i>Information Required in a Scholarship Plan Prospectus</i>	The greater of (i) \$3,800 for a prospectus, and (ii) \$400 for each mutual fund in a prospectus. The greater of (i) \$3,800 for a prospectus, and (ii) \$650 for each investment fund in a prospectus.
A5	Review of prospectus supplement in relation to a specified derivative (as defined in National Instrument 44-102 <i>Shelf Distributions</i>).	\$3,800
A6	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 or securities of the issuer.	\$500
B. Fees relating to exempt distributions under OSC Rule 45-501 Ontario Prospectus and Registration Exemptions and NI 45-106		
B1	Application for recognition, or renewal of recognition, as an accredited investor	\$350
B2	Filing of a Form 45-106F1 for a distribution of securities of an issuer under an exemption from the prospectus requirement	\$350
E. Applications for specifically enumerated relief, approval, recognition, designation, etc.		
E1	An application for relief from this rule	\$1,800
E2	An application for relief from any of the following: (a) National Instrument 31-102 <i>National Registration Database</i> ; (b) NI 33-109;	\$1,800

Row	Document or Activity (Column A)	Fee (Column B)
E3	(c) section 3.11 [<i>Portfolio manager – advising representative</i>] of NI 31-103; (d) section 3.12 [<i>Portfolio manager – associate advising representative</i>] of NI 31-103; (e) section 3.13 [<i>Portfolio manager – chief compliance officer</i>] of NI 31-103; (f) 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. An application for relief from any of the following: (a) section 3.3 [Time limits on examination requirements] of NI 31-103; (b) section 3.5 [Mutual fund dealer – dealing representative] of NI 31-103; (c) section 3.6 [Mutual fund dealer – chief compliance officer] of NI 31-103; (d) section 3.7 [Scholarship plan dealer – dealing representative] of NI 31-103; (e) section 3.8 [Scholarship plan dealer – chief compliance officer] of NI 31-103; (f) section 3.9 [Exempt market dealer – dealing representative] of NI 31-103, (g) section 3.10 [Exempt market dealer – chief compliance officer] of NI 31-103.	\$500
E4	An application under subparagraph 1(10)(a)(ii) of the Act	\$1,000
E5	An application (a) under section 30 or subsection 38(3) of the Act or subsection 1(6) of the <i>Business Corporations Act</i>, (b) under subsection 144(1) 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 Division 2 of National Policy 12-202 <i>Revocation of Certain Cease Trade Orders</i>, and (c) under subsections 144(1) and 127(4.3) of the Act to revoke a cease trade order made under subsection 127(4.1) of the Act that has been in effect for 90 days or less.	Nil
E6	An application 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 National Instrument 41-101 <i>General Prospectus Requirements</i> or National Instrument 81-101 <i>Mutual Fund Prospectus Disclosure</i>).	(a) \$4,800 for an application for relief, or approval under, one section of the Act, a regulation or a rule (b) \$7,000 for an application for relief from, or approval under, two or more sections of the Act, regulation or a rule
E8	An application (a) made under subsection 46(4) of the <i>Business Corporations Act</i> for relief from the requirements under Part V of that Act (b) for consent to continue in another jurisdiction under paragraph 4(b) of Ont. Reg. 289/00 made under the <i>Business Corporations Act</i> <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>	\$400
	F. Recognitions and Exemptions for Specified Regulated Entities	
F1	An application for recognition of an exchange under section 21 of the Act	\$110,000
F2	An application for exemption from the requirement to be recognized as an exchange under section 21 of the Act	\$83,000

Row	Document or Activity (Column A)	Fee (Column B)
F3	An application by a marketplace that trades OTC derivatives, including swap execution facilities, for exemption from the requirement to be recognized under section 21 of the Act	\$20,000
F4	An application by clearing agencies for recognition under section 21.2 of the Act	\$110,000
F5	An application for exemption from the requirement to be recognized as a clearing agency under section 21.2 of the Act by a clearing agency not planning to have any clearing member resident in Ontario, if the clearing agency has at least one customer, as defined in National Instrument 94-102 <i>Derivatives: Customer Clearing and Protection of Customer Collateral and Positions</i> , resident in Ontario.	\$15,000
F6	An application for exemption from the requirement to be recognized as a clearing agency under section 21.2 of the Act by a clearing agency planning to have at least one clearing member resident in Ontario.	\$83,000 (plus an additional fee of \$100,000 in connection with an application described in any of Rows F1 to F5 that (a) reflects a merger of an exchange or clearing agency, (b) reflects an acquisition of a major part of the assets of an exchange or clearing agency, or (c) involves the introduction of a new business that would significantly change the risk profile of an exchange or clearing agency, or reflects a major reorganization or restructuring of an exchange or clearing agency).
G. Initial Filing for ATS		
G1	Review of the initial Form 21-101F2 <i>Information Statement Alternative Trading System</i> of a new alternative trading system	\$55,000
H. Trade Repository		
H1	Application for designation as a trade repository under section 21.2.2 of the Act	\$83,000
I. Pre-Filings		
I1	Each pre-filing relating to the items described in Rows F1 to F5, G1 and H1	One-half of the otherwise applicable fee that would be payable if the corresponding formal filing had proceeded at the same time as the pre-filing.
I2	Any other pre-filing <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>	The applicable fee that would be payable if the corresponding formal filing had proceeded at the same time as the pre-filing.

J. Take-Over Bid and Issuer Bid Documents		
J1	Filing of a take-over bid or issuer bid circular under subsection 2.10(2),(3) or (4) of NI 62-104 or the filing of an information circular in connection with a special meeting to be held to consider the approval of a going private transaction, reorganization, amalgamation, merger, arrangement, consolidation or similar business combination (other than a second step business combination in compliance with MI 61-101).	\$4,500 (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)
J2	Filing of a notice of change or variation under section 2.13 of NI 62-104	Nil
K. Registration-Related Activity		
K1	New registration of a firm in one or more categories of registration	\$1,300
K2	Addition of one or more categories of registration	\$700
K3	Registration of a new representative as a dealer and/or adviser on behalf of a registrant firm	\$200 per individual, unless the individual makes an application to register in the same category of registration within three months of terminating employment with a previous firm.
K4	Review of permitted individual	\$100 per individual, unless the individual is already registered as a dealer and/or adviser on behalf of a registrant firm
K5	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
K6	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
K7	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	\$1,000
K8	Application for amending terms and conditions of registration	\$800
L. Registrant Acquisitions		
L1	Notice given 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	\$3,600
N. Designated Rating Organizations		
N1	An application for designation of a credit rating organization under section 22 of the Act	\$15,000
N2	An application for a variation of a designation of a credit rating organization under subsection 144(1) of the Act if the application (a) reflects a merger of a credit rating organization, (b) reflects an acquisition of a major part of the assets of a credit rating organization,	\$15,000

N3	(c) involves the introduction of a new business that would significantly change the risk profile of a credit rating organization, or (d) reflects a major reorganization or restructuring of a credit rating organization Any other application for a variation of a designation of a credit rating organization under subsection 144(1) of the Act	\$4,800
O1	O. Any Application not otherwise Listed in this Rule An application, other than one described in Rows A1 to N3, for (a) relief from one section of the Act, a regulation or a rule, or (b) recognition or designation under one section of the Act, a regulation or a rule. An application, other than one described in Rows A1 to N3, for (a) relief from two or more sections of the Act, a regulation or a rule made at the same time, or (b) recognition or designation under two or more sections of the Act, a regulation or a rule made at the same time. An application referred to in O1 or O2 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>) Fees: (i) the applicant; (ii) an issuer of which the applicant is a wholly owned subsidiary; (iii) the investment fund manager of the applicant). An application under subsection 144(1) of the Act if the application (a) reflects a merger of an exchange or clearing agency, (b) reflects an acquisition of a major part of the assets of an exchange or clearing agency, (c) involves the introduction of a new business that would significantly change the risk profile of an exchange or clearing agency, or (d) reflects a major reorganization or restructuring of an exchange or clearing agency.	\$4,800
O2		\$7,000
O3		The amount in O1 or O2 is increased by \$2,000
O4		The amount in O1 or O2 is increased by \$100,000
P1	P. Requests to the Commission Request for a search of Commission public records Request for copies of Commission public records	\$10 initial search fee, plus \$7.50 per person searching for each 15 minutes spent by the person searching or preparing records for disclosure to the extent consistent with the request. Applicable search fees under Row P1. Additional charge of \$0.25 per page for photocopied or printed records. No additional charge for digital copies, where available.
P2		

Appendix D

ADDITIONAL FEES FOR LATE DOCUMENT FILINGS
Part 7A

	Document (Column A)	Late Fee (Column B)
A.	Fee for late filing or delivery of any of the following forms or documents: (a) Annual financial statements and interim financial information; (b) Annual information form filed under NI 51-102 or National Instrument 81-106 <i>Investment Fund Continuous Disclosure</i>; (c) [Repealed] (d) Form 33-109F1 <i>Notice of Termination of Registered Individuals and Permitted Individuals (section 4.2)</i>; (e) [Repealed] (f) Any form or document required to be filed or delivered by a registrant firm or individual in connection with the registration of the registrant firm or individual under the Act with respect to (i) terms and conditions imposed on the registrant firm or individual, or (ii) an order of the Commission; (g) [Repealed] (h) [Repealed] (i) [Repealed] (j) Form 13-502F4, (k) [Repealed] (l) [Repealed] (m) [Repealed] (n) [Repealed]	Late fee amount to be calculated in accordance with Part 7.0 of the Rule.
C.	Fee for late filing a Form 45-106F1	For each year, \$100 for every day in the year following the date the form was required to be filed by a person or company until the date the form is filed, to a maximum of \$5,000 for the year for all Form 45-106F1s required to be filed by the person or company in the year.
C.1	Fee for late filing of Form 13-502F9	For each year, \$100 for every day in the year following the date the form was required to be filed by a person or company until the date the form is filed, to a maximum of \$5,000 for the year for the Form 13-509F9 that is required to be filed by the person or company
D.	Fee for late filing of Form 55-102F2 <i>Insider Report</i>	Subject to section 7A.6 of the Rule, \$50 per day per insider per issuer (subject to a maximum of \$1,000 per issuer within any one year beginning on April 1 st and ending on March 31 st).

FORM 13-502F1
CLASS 1 AND CLASS 3B REPORTING ISSUERS – PARTICIPATION FEE

MANAGEMENT CERTIFICATION

I, _____, an officer of the reporting issuer noted below have examined this Form 13-502F1 (the **Form**) being submitted hereunder to the Ontario Securities Commission and certify that to my knowledge, having exercised reasonable diligence, the information provided in the Form is complete and accurate.

(s) _____
 Name: _____
 Title: _____

_____ Date: _____

Reporting Issuer Name: _____

End date of previous financial year: _____

Type of Reporting Issuer: ☐ **Class 1 reporting issuer** ☐ **Class 3B reporting issuer**

Highest Trading Marketplace: _____
 (refer to the definition of "highest trading marketplace" under OSC Rule 13-502 Fees)

Market value of listed or quoted equity securities:
 (in Canadian Dollars - refer to section 7.1 of OSC Rule 13-502 Fees)

Equity Symbol

1st Quarterly Period (dd/mm/yy)

(refer to the definition of "quarterly period" under OSC Rule 13-502 Fees)

_____ to _____

Closing price of the security in the class or series on the last trading day of the quarterly period in which such security was listed or quoted on the highest trading marketplace

\$ _____ (i)

Number of securities in the class or series of such security outstanding at the end of the last trading day of the quarterly period

_____ (ii)

Market value of class or series

(i) x (ii) \$ _____ (A)

2nd Quarterly Period (dd/mm/yy)

(refer to the definition of "quarterly period" under OSC Rule 13-502 Fees)

_____ to _____

Closing price of the security in the class or series on the last trading day of the quarterly period in which such security was listed or quoted on the highest trading marketplace

\$ _____ (iii)

Number of securities in the class or series of such security outstanding at the end of the last trading day of the quarterly period

_____ (iv)

Market value of class or series

(iii) x (iv) \$ _____ (B)

3rd Quarterly Period (dd/mm/yy)

(refer to the definition of "quarterly period" under OSC Rule 13-502 Fees)

_____ to _____

Closing price of the security in the class or series on the last trading day of the quarterly period in which such security was listed or quoted on the highest trading marketplace

\$ _____ (v)

Request for Comments

Number of securities in the class or series of such security outstanding at the end of the last trading day of the quarterly period

_____ (vi)

Market value of class or series

(v) x (vi) \$ _____ (C)

4th Quarterly Period (dd/mm/yy)

(refer to the definition of "quarterly period" under OSC Rule 13-502 Fees)

_____ to _____

Closing price of the security in the class or series on the last trading day of the quarterly period in which such security was listed or quoted on the highest trading marketplace

_____ (vii)

Number of securities in the class or series of such security outstanding at the end of the last trading day of the quarterly period

_____ (viii)

Market value of class or series

(vii) x (viii) \$ _____ (D)

Average Market Value of Class or Series

(Calculate the simple average of the market value of the class or series of security for each applicable quarterly period (i.e. A through D above))

\$ _____ (1)

(Repeat the above calculation for each other class or series of equity securities of the reporting issuer (and a subsidiary pursuant to paragraph 2.8(1)(b) of OSC Rule 13-502 Fees, if applicable) that was listed or quoted on a marketplace at the end of the last trading day of each quarterly period in the previous financial year of the reporting issuer.)

Fair value of outstanding debt securities:

(See paragraph 2.8(1)(c), and if applicable, paragraphs 2.8(1)(d) and (e) of OSC Rule 13-502 Fees)

\$ _____ (2)

(Provide details of how value was determined)

Capitalization for the previous financial year

(1) + (2) \$ _____

Participation Fee

(For Class 1 reporting issuers, from Appendix A of OSC Rule 13-502 Fees, select the participation fee)

\$ _____

(For Class 3B reporting issuers, from Appendix A.1 of OSC Rule 13-502 Fees, select the participation fee)

Late Fee, if applicable

(As determined under section 2.7 of OSC Rule 13-502 Fees)

\$ _____

Total Fee Payable

(Participation Fee plus Late Fee)

\$ _____

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

MANAGEMENT CERTIFICATION

I, _____, an officer of the reporting issuer noted below have examined this Form 13-502F2 (the **Form**) being submitted hereunder to the Ontario Securities Commission and certify that to my knowledge, having exercised reasonable diligence, the information provided in the Form is complete and accurate.

(s) _____

Name: _____

Date: _____

Title: _____

Reporting Issuer Name: _____

End date of previous financial year: _____

Financial Statement Values:

(Use stated values from the audited financial statements of the reporting issuer as of the end of its previous financial 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 previous financial year

(Add items (A) through (H))

\$ _____

Participation Fee

(From Appendix A of OSC Rule 13-502 Fees, select the participation fee beside the capitalization calculated above)

\$ _____

Late Fee, if applicable

(As determined under section 2.7 of OSC Rule 13-502 Fees)

\$ _____

Total Fee Payable

(Participation Fee plus Late Fee)

\$ _____

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

MANAGEMENT CERTIFICATION

I, _____, an officer of the reporting issuer noted below have examined this Form 13-502F3A (the **Form**) being submitted hereunder to the Ontario Securities Commission and certify that to my knowledge, having exercised reasonable diligence, the information provided in the Form is complete and accurate.

(s) _____

Name: _____

Date: _____

Title: _____

Reporting Issuer Name: _____

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

Financial year end date: _____

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

- ☐ (a) had no securities listed or quoted on any marketplace at the end of its previous financial year, or
- ☐ (b) had securities listed or quoted on a marketplace at the end of its previous financial year and all of the following apply:
- (i) at the end of its previous financial year, securities registered in the names of persons or companies resident in Ontario represented less than 1% of the market value of all of the reporting issuer's outstanding securities for which it or its transfer agent or registrar maintains a list of registered owners;
 - (ii) the reporting issuer reasonably believes that, at the end of its previous financial year, securities beneficially owned by persons or companies resident in Ontario represented less than 1% of the market value of all its outstanding securities;
 - (iii) the reporting issuer reasonably believes that none of its securities traded on a marketplace in Canada during its previous financial year;
 - (iv) the reporting issuer 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 subsidiaries, or
 - (B) to a person or company exercising a right previously granted by the reporting issuer or its affiliate to convert or exchange its previously issued securities without payment of any additional consideration;

Participation Fee

(From subsection 2.2(2) of OSC Rule 13-502 Fees)

\$1,070

Late Fee, if applicable

(As determined under section 2.7 of OSC Rule 13-502 Fees)

\$ _____

Total Fee Payable

(Participation Fee plus Late Fee)

\$ _____

FORM 13-502F4
CAPITAL MARKETS PARTICIPATION FEE CALCULATION

General Instructions

1. This form must be completed and returned to the Ontario Securities Commission by November 1 each year, as required by section 3.1 of OSC Rule 13-502 *Fees* (the Rule), except in the case where firms register after November 1 in a year or provide notification after November 1 in a year of their status as an unregistered capital markets participant. In these exceptional cases, this form must be filed within 60 days of registration or notification after November 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 unregistered capital markets participants.
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 5(a) of this form and MFDA members must complete Part 5(b). Unregistered capital markets participants and registrant firms that are not IIROC or MFDA members must complete Part 5(c).
5. IIROC Members may refer to Statement E IIROC Form 1 for guidance.
6. MFDA members may refer to Statement D of the MFDA Form 1 (IFRS).
7. If a firm's permanent establishments are situated only in Ontario, all of the firm's total revenue for the designated financial year is attributed to Ontario. If permanent establishments are situated in Ontario and elsewhere, the percentage attributed to Ontario for a designated financial 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 financial 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.
8. All figures must be expressed in Canadian dollars.
9. Information reported on this form must be certified by an individual specified in section 3.3 of the Rule to attest to its completeness and accuracy.
10. If the firm has no "designated financial year" as defined in section 1.1 of the Rule, do not complete Part 5 of this form.

Certification

I, _____, of the registrant firm / unregistered capital markets participant noted below have examined this Form 13-502F4 (the **Form**) being submitted hereunder to the Ontario Securities Commission and certify that to my knowledge, having exercised reasonable diligence, the information provided in the Form is complete and accurate.

(s) _____

Name:

Date:

Title:

PART 1: Firm Information

Firm NRD number: _____

Firm legal name: _____

PART 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: _____

PART 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 Regulatory Organization of Canada (IIROC).

For a firm that does not hold membership with the MFDA or IIROC:

- ☐ The firm is an unregistered investment fund manager only
- ☐ All other firms

PART 4: Financial Information

Does the firm have a designated financial year? ☐ Yes ☐ No (one selection)

If yes, end date of designated financial year: ____/____/____
yyyy mm dd

PART 5: Participation Fee Calculation**Part 5(a): IIROC Members**

1.	Total revenue for designated financial year from Statement E of the IIROC Form 1	\$
2.	Less revenue not attributable to capital markets activities	_____
		\$
3.	Revenue subject to participation fee (line 1 less line 2)	_____
		\$
4.	Ontario percentage for designated financial year (See definition of "Ontario percentage" in the Rule)	_____ %

Request for Comments

5.	Specified Ontario revenues (line 3 multiplied by line 4)	<u> </u>
		\$
6.	Participation fee (From Appendix B of the Rule, select the participation fee opposite the specified Ontario revenues from line 5)	<u> </u>
		\$

Part 5(b): MFDA Members

1.	Total revenue for designated financial year from Statement D of Form 1	<u> </u>
		\$
2.	Less revenue not attributable to capital markets activities	<u> </u>
		\$
3.	Revenue subject to participation fee (line 1 less line 2)	<u> </u>
		\$
4.	Ontario percentage for designated financial year (See definition of "Ontario percentage" in the Rule)	<u> </u> %
5.	Specified Ontario revenues (line 3 multiplied by line 4)	<u> </u>
		\$
6.	Participation fee (From Appendix B of the Rule, select the participation fee opposite the specified Ontario revenues from line 5)	<u> </u>
		\$

Part 5(c) Advisers, Other Dealers, and Unregistered Capital Markets Participants**Notes:**

1. Total gross revenues are the sum of all gross revenues reported on the audited financial statements, except where unaudited financial statements are permitted in accordance with subsection 3.6(3) of the Rule. Items reported on a net basis must be adjusted for purposes of the fee calculation to reflect gross revenues.
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 total revenues 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 unregistered 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 or unregistered exempt international firms described in note 4 are permitted as a deduction on this line to the extent they are otherwise included in gross revenues.

1.	Total gross revenue for designated financial year (note 1)	<u> </u>
		\$
	<i>Less the following items for the designated financial year:</i>	<u> </u>
2.	Gross revenue not attributable to capital markets activities	<u> </u>
		\$
3.	Redemption fee revenue (note 2)	<u> </u>
		\$
4.	Administration fee revenue (note 3)	<u> </u>
		\$

Request for Comments

5.	advisory or sub-advisory fees paid to registrant firms or unregistered exempt international firms (note 4)		\$
6.	Trailer fees paid to registrant firms or unregistered exempt international firms (note 5)		\$
7.	Total deductions (sum of lines 2 to 6)		\$
<i>Calculation:</i>			
8.	Revenue subject to participation fee (line 1 less line 7)		\$
9.	Ontario percentage for designated financial 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 from line 10)		\$

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

MANAGEMENT CERTIFICATION

I, _____, an officer of the subsidiary noted below have examined this Form 13-502F6 (the **Form**) being submitted hereunder to the Ontario Securities Commission and certify that to my knowledge, having exercised reasonable diligence, the information provided in the Form is complete and accurate.

(s) _____

Name:

Date:

Title:

Name of Subsidiary: _____

Name of Parent: _____

End Date of Subsidiary's Previous Financial Year: _____

The reporting issuer (subsidiary) meets the following criteria set out under subsection 2.4(1) of OSC Rule 13-502 Fees:

- (a) at the end of the subsidiary's previous financial year, an issuer that was a Class 1 or Class 2 reporting issuer was the parent of the subsidiary;
- (b) the audited financial statements of the parent prepared in accordance with NI 52-107 require the consolidation of the parent and the subsidiary;
- (c) to the extent required by section 2.8 or 2.9, the capitalization of the parent for its previous financial year included the capitalization of the subsidiary;
- (d) the parent paid its participation fee for its previous financial year, with reference to section 2.8 or 2.9;
- (e) in the subsidiary's previous financial year, the subsidiary was entitled to rely on an exemption or waiver from the requirements in subsections 4.1(1), 4.3(1), 5.1(1) or section 5.2 and section 6.1 of NI 51-102.

FORM 13-502F7
SPECIFIED REGULATED ENTITIES – PARTICIPATION FEE

Name of Specified Regulated Entity: _____

Applicable Year: (2023 or later)

Type of Specified Regulated Entity: (check one)

- ☐ Recognized exchange or recognized quotation and trade reporting system (complete (1) below)
- ☐ Alternative trading system (complete (2), or (3) below, as applicable)
- ☐ Recognized clearing agency (complete (4) below)
- ☐ Exempt exchange, Exempt clearing agency or Designated Trade Repository (complete (5) below, as applicable)

(1) Participation Fee for applicable year -- Recognized exchange or recognized quotation and trade reporting system

Filer should enter their Canadian trading share for the specified period 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	
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:	\$
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 year -- Alternative trading system for exchange-traded securities, if not exempted by the Commission from the application of section 6.1 of NI 21-101.

Line 6: If operating an alternative trading system for exchange-traded securities, enter participation fee based on your Canadian trading share (Line 5)	\$
Line 7: Enter amount of capital markets participation fee paid in the prior year	\$
Line 8: Subtract Line 7 from Line 6. If positive, enter the lesser of this amount and \$17,000. If zero or negative, there is no Part 4 fee payable and there is a refund due to you of the amount determined	\$

(2.1) Participation fee for alternative trading system that is exempted by the Commission from the application of section 6.1 of NI 21-102

Line 8.1: Enter \$2,500	\$
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(3) Participation fee for applicable year – other alternative trading system

Line 9: If operating as an alternative trading system that is not for exchange-traded securities, enter \$30,000	\$
Line 10: Enter amount of capital markets participation fee paid in the prior year	\$
Line 11: Subtract Line 10 from Line 9. If positive, enter (a) The lesser of this amount and \$8,750 if trading in debt or securities trading (b) The lesser of this amount and \$17,000 if you are a trading system other than that described in Line 6 or (a) above. If zero or negative, there is no Part 4 participation fee payable and there is a refund due to you.	\$

(4) Participation Fee for applicable 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 12: Matching services, being the provision of facilities for comparing data respecting the terms of settlement of a trade or transaction. Enter \$10,000	\$
Line 13: 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 14: 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 15: 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 16: 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 17: Depositary services, being the provision of centralized facilities as a depositary for securities. Enter \$20,000.	\$
Line 18: Total Participation Fee Payable (Sum of Lines 12-17):	\$

(5) Participation Fee for applicable year for other types of specified regulated entities:

Line 19: Filer is required to pay the amount below, as applicable.	\$
(a) If operating as an Exempt Clearing Agency that has at least one clearing member resident in Ontario or as Exempt Exchange, enter \$10,000 (a.1) If operating as Exempt Clearing Agency with at least one customer (as defined in NI 94-102) resident in Ontario that does not have a clearing member resident in Ontario, enter \$7,500. (b) If operating as a Designated Trade Repository, enter \$30,000	

(6) Prorated Participation Fee:

Line 20: If this is the first time paying a participation fee as a specified regulated entity, prorate the amount under subsection 4.6(1) of the Rule.	\$	
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(7) Late Fee

Line 21: Unpaid portion of Participation Fee from Sections (1), (2), (3), (4), (5), (6)	\$
Line 22: Number of Business Days Late before April 6, 2023 plus the Number of Days Late after April 5, 2023	
Line 23: Fee Payable is as follows: Amount from Line 21*[Amount from Line 22*0.1%]	\$

(8) Total Fee Payable

Line 24: Aggregate Participant Fee from Sections (1), (2), (2.1), (3), (4), (5), (6)	\$
Line 25: Late Fee from Line 23	\$
Line 26: Fee Payable is amount from Line 24 plus amount from Line 25	\$

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

MANAGEMENT CERTIFICATION

I, _____, an officer of the designated credit rating organization noted below have examined this Form 13-502F8 (the **Form**) being submitted hereunder to the Ontario Securities Commission and certify that to my knowledge, having exercised reasonable diligence, the information provided in the Form is complete and accurate.

Signature: _____

Date: _____

Title: _____

Name of Designated Credit Rating Organization:

Financial year end date:

Participation Fee in respect of the financial year \$15,000
(From subsection 5.1(1) of OSC Rule 13-502 *Fees*)

Late Fee, if applicable

(From Section 5.2 of OSC Rule 13-502 *Fees*) \$ _____

Total Fee Payable

(Participation Fee plus Late Fee) \$ _____

FORM 13-502F9
FORM ACCOMPANYING PAYMENT OF DERIVATIVES PARTICIPATION FEE

Derivatives Fee Year to which fee relates	July 1, _____ to June 30, _____
Name of Payer	_____
Legal Entity Identifier of the Payer for the purposes of OSC Rule 91-507	_____
Average Daily Notional Amount Outstanding during the year (determined in accordance with subsection 5A.2(3) of OSC Rule 13-502 <i>Fees</i>)	_____
Participation Fee	_____
Late Fee, if applicable (determined under section 5A.3 of OSC Rule 13-502 <i>Fees</i>)	_____
Total Fee Payable (Participation Fee plus Late Fee)	_____

ANNEX B

This document is a blackline version of proposed changes to Ontario Securities Commission Rule 13-502 (including Forms).

ONTARIO SECURITIES COMMISSION
RULE 13-502 *FEES*

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ONTARIO SECURITIES COMMISSION
RULE 13-502 FEES

PART 1 — INTERPRETATION**1.1 Definitions** — In this Rule,

“Canadian trading share”, in relation to ~~a person or company that is~~ a specified regulated entity for a specified period, means the average in the specified period of the following:

- (a) the share of the ~~person or company~~entity of the total dollar values of trades of exchange-traded securities in Canada,
- (b) the share of the ~~person or company~~entity of the total trading volume of exchange-traded securities in Canada, and
- (c) the share of the ~~person or company~~entity of the total number of trades of exchange-traded securities in Canada;

“capitalization”, in relation to a reporting issuer, means the capitalization of the reporting issuer determined in accordance with section 2.8, 2.9 or 2.10, as the case may be;

“capital markets activities” means activities for which registration is required, or activities for which an exemption from registration is required under the Act or under the *Commodity Futures Act*, or would be so required if those activities were carried on in Ontario;

“Class 1 reporting issuer” means a reporting issuer, other than a Class 3A reporting issuer or a Class 3B reporting issuer, that at the end of its previous financial year, ~~has~~had securities listed or quoted on a marketplace;

“Class 2 reporting issuer” means a reporting issuer other than a Class 1 reporting issuer, a Class 3A reporting issuer or a Class 3B reporting issuer;

“Class 3A reporting issuer” means a reporting issuer that is not incorporated under the laws of Canada or a province or territory and that

- (a) had no securities listed or quoted on any marketplace at the end of its previous financial year, or
- (b) had securities listed or quoted on a marketplace at the end of its previous financial year and all of the following apply:
 - (i) at the end of its previous financial year, securities registered in the names of persons or companies resident in Ontario represented less than 1% of the market value of all of the reporting issuer’s outstanding securities for which it or its transfer agent or registrar maintains a list of registered owners;
 - (ii) the reporting issuer reasonably believes that, at the end of its previous financial year, securities beneficially owned by persons or companies resident in Ontario represented less than 1% of the market value of all its outstanding securities;
 - (iii) the reporting issuer reasonably believes that none of its securities traded on a marketplace in Canada during its previous financial year;
 - (iv) the reporting issuer 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 subsidiaries, or
 - (B) to a person or company exercising a right previously granted by the reporting issuer 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 that

- (a) is not a Class 3A reporting issuer, and

- (b) is a designated foreign issuer or an SEC foreign issuer as those terms are defined in National Instrument 71-102- *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*;

“derivatives fee year” means a one-year period commencing on July 1 of the then previous year and ending on June 30 of the then current year;

“designated financial year” in connection with the filing at any time of a completed Form 13-502F4 -means,

- (a) if the filing is by a registrant firm, the most recently completed financial year of the registrant firm, determined at the time of the filing, for which audited financial statements are available, and
- (b) if the filing is by an unregistered capital market participant, the most recent completed financial year of the unregistered capital market participant, determined at the time of the filing, for which
- (i) audited annual financial statements are available; or
- (ii) unaudited annual financial statements are available, if the unregistered capital market participant does not ordinarily have its annual financial statements audited;

“Form 13-502F4” means Form 13-502F4 *Capital Markets Participation Fee Calculation*;

“Form 45-106F1” means Form 45-106F1 *Report of Exempt Distribution*;

“generally accepted accounting principles”, in relation to a person or company, means the generally accepted accounting principles used to prepare the financial statements of the person or company in accordance with Ontario securities law;

“highest trading marketplace” means

- (a) the marketplace on which the highest volume in Canada of the class or series was traded in the previous financial year and which discloses regularly the prices at which those securities have traded,
- (b) if the class or series was not traded in the previous financial year on a marketplace in Canada, the marketplace on which the highest volume in the United States of America of the class or series was traded in the previous financial year and which discloses regularly the prices at which those securities have traded, or
- (c) if the class or series was not traded in the previous financial year on a marketplace in Canada or the United States of America, the marketplace on which the highest volume of the class or series was traded in the previous financial year and which discloses regularly the prices at which those securities have traded;

“IIROC” means the Investment Industry Regulatory Organization of Canada;

~~“interim period” has the same meaning as in NI 51-102;~~

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

“net assets”, in relation to a person or company, means the total assets minus the total liabilities of the person or company, determined in accordance with the generally accepted accounting principles applying to the person or company;

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

“NI 33-109” means National Instrument 33-109 *Registration Information*;

“NI 45-106” means National Instrument 45-106 *Prospectus Exemptions*;

“NI 51-102” means National Instrument 51-102 *Continuous Disclosure Obligations*;

“NI 52-107” means National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*;

~~“NI 55-102” means National Instrument 55-102 *System for Electronic Disclosure by Insiders (SEDI)*;~~

~~“OBA amendment” means an amendment to NI 33-109 that sets out circumstances in which outside business activity is required to be disclosed;~~

“Ontario percentage” means, in relation to a person or company for a ~~previous~~designated financial year,

- (a) in the case of a person or company that ~~has had~~ a permanent establishment in Ontario in the ~~previous financial year~~designated financial year and no permanent establishment elsewhere, 100%;
- (b) in the case of a person or company that ~~has had~~ a permanent establishment in Ontario and elsewhere in the ~~previous financial year~~designated financial year and ~~has had~~ taxable income in the ~~previous financial year~~designated financial year that is positive, the percentage of the taxable income that is taxable income earned in the year in Ontario, and
- (c) in any other case, the percentage of the total revenues of the person or company for the ~~previous financial year~~designated financial year attributable to capital markets activities in Ontario;

“OSC Rule 91-507” means Ontario Securities Commission Rule 91-507 Trade Repositories and Derivatives Data Reporting.

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

“permanent establishment” means a permanent establishment as defined in subsection 400(2) of the *Income Tax Regulations* (Canada);

“permitted individual” has the same meaning as in NI 33-109;

“previous financial year” means,

~~(a) for a registrant or an unregistered capital markets participant, the financial year of the registrant or participant ending in the then current calendar year, or~~

~~(b) in all other cases,~~ the most recently completed financial year of the person or company;

“principal regulator” has the same meaning as in NI 33-109;

“quarterly period” means, in respect of a financial year of a reporting issuer,

- (a) in the case of a 12-month financial year, the period ending on the last day of the financial year and the periods ending nine, six and three months before the end of the financial year, or
- (b) in any other case, each of four consecutive equal length periods during the financial year, in which the first period commences on the first day of the financial year of the reporting issuer and the fourth period ends on the last day of the financial year of the reporting issuer;

“registrant firm” means a registered dealer, registered adviser or registered investment fund manager;

~~“specified day” means~~

- ~~(a) in relation to the late filing of Form 33-109F5 for the purposes of amending item 10 of Form 33-109F4, a business day occurring:~~
 - ~~(i) before January 1, 2019, or~~
 - ~~(ii) after the date that is the earlier of:~~
 - ~~(A) the date that the first OBA amendment comes into force, and~~
 - ~~(B) December 31, 2021, and~~
- ~~(b) in any other case, any business day;~~

“specified Ontario revenues”, in relation to a person or company for a designated financial year, means the ~~specified Ontario~~ revenues of the person or company calculated for the designated financial year under section 3.5 or 3.6, as the case may be;

“specified period” means the period beginning on April 1 of the previous ~~calendar~~ year and ending on March 31 of the ~~calendar~~ year;

“specified regulated entity” means a person or company described in Column A of Appendix B.1 of the rule;

~~“specified trading period” means, in respect of a reporting issuer’s financial year, each period that is an interim period in the financial year and the period commencing on the first day of the financial year and ending on the last day of the financial year;~~

“subsidiary” means, subject to subsection 1(4) of the Act, a subsidiary of a person or company as determined in accordance with the generally accepted accounting principles applying to the person or company;

“taxable income” means taxable income as determined under the *Income Tax Act* (Canada);

“taxable income earned in the year in Ontario”, in relation to a person or company for a financial year, means the taxable income of the person or company earned in the financial year in Ontario as determined under Part IV of the *Income Tax Regulations* (Canada);

“unregistered capital markets participant” means

- (a) an unregistered investment fund manager;
- (b) an unregistered exempt international firm; or
- (c) a funding portal relying on the exemption in section 3 of National Instrument 45-110 *Start-up Crowdfunding Registration and Prospectus Exemptions*.

“unregistered exempt international firm” means a dealer or adviser that is not registered under the Act if one or both of the following apply:

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

“unregistered investment fund manager” means an investment fund manager [that is exempt from the investment fund manager registration requirement only because of section 4 \[*Permitted clients*\] of Multilateral Instrument 32-102 *Registration Exemptions for Non-Resident Investment Fund Managers*](#). ~~“unregistered investment fund manager” means an investment fund manager of one or more investment funds that is not registered as an investment fund manager in accordance with Ontario securities law, other than an investment fund manager that does not have a place of business in Ontario, and one or more of the following apply:~~

~~(a) — none of the investment funds has security holders who are residents in Ontario;~~

~~the investment fund manager and the investment funds have not, at any time after September 27, 2012, actively solicited Ontario residents to purchase securities of any of the 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.

PART 2 — CORPORATE FINANCE PARTICIPATION FEES

Division 1: General

2.1 Application — This Part does not apply to an investment fund that has an investment fund manager.

2.2 Participation fee

- (1) A reporting issuer that is a Class 1 reporting issuer or a Class 2 reporting issuer must, after each of its financial years, pay the participation fee shown in Appendix A opposite the capitalization of the reporting issuer for the previous financial year.
- (2) A reporting issuer that is a Class 3A reporting issuer must, after each of its financial years, pay a participation fee of [\\$1,000](#) ~~1,070~~.
- (3) A reporting issuer that is a Class 3B reporting issuer must, after each of its financial years, pay the participation fee shown in Appendix A.1 opposite the capitalization of the reporting issuer for the previous financial 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 the period that begins immediately after the time that would otherwise

be the end of the previous financial year in respect of the participation fee and ends at the time the participation fee would otherwise be required to be paid under section 2.3.

2.3 Time of payment — A reporting issuer must pay the participation fee required under section 2.2 by the earlier of

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

2.4 Participation fee exemptions for subsidiaries

(1) Section 2.2 does not apply to a reporting issuer that is a subsidiary if all of the following apply:

- (a) at the end of the subsidiary's previous financial year, ~~the parent of the subsidiary was a reporting issuer an issuer that was a Class 1 or Class 2 reporting issuer was~~ the parent of the subsidiary;
- (b) the audited financial statements of the parent prepared in accordance with NI 52-107 require the consolidation of the parent and the subsidiary;

(b.1) to the extent required by section 2.8 or 2.9, the capitalization of the parent for its previous financial year included the capitalization of the subsidiary;

~~(b)~~ (c) the parent ~~has paid a~~ its participation fee for its previous financial year under subsection 2.2(1) calculated based on the capitalization of the parent for the previous financial year with reference to section 2.8 or 2.9;

~~(d)~~ in the case of a parent that is a Class 1 reporting issuer, the capitalization of the parent for the previous financial year included the capitalization of the subsidiary as required under paragraph 2.8(1)(c);

~~(e)~~ (e) in the subsidiary's previous financial year, ~~(i) the net assets and total revenues of the subsidiary represented more than 90% of the consolidated net assets and total revenues of the parent in the parent's previous financial year, or~~

~~(ii) the subsidiary was entitled to rely on an exemption or waiver from the requirements in subsections 4.1(1), 4.3(1), 5.1(1) or section 5.2, and section 6.1 of NI 51-102.~~

~~(2)~~ A reporting issuer referred to in subsection (1) must file a completed Form 13-502F6 Subsidiary Exemption Notice that contains a certification signed by an officer of the reporting issuer, by ~~the earlier of~~

~~(a)~~ the date on which its annual financial statements for its previous financial year ~~are required to be filed under Ontario securities law, or~~ would have been required to be filed under Ontario securities law absent an exemption or waiver described in ~~subparagraph (1)(e). (ii), and~~

~~the date on which it files its annual financial statements for its previous financial year.~~

2.5 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 paragraph 2.3(a) 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 financial year, and

~~(b)~~ pay the participation fee shown in Appendix A opposite the estimated capitalization.

~~(2)~~ A Class 2 reporting issuer that estimated its capitalization under subsection (1) must, when it files its annual financial statements for the previous financial year,

~~(a)~~ calculate its capitalization under section 2.9;

~~(b)~~ pay the participation fee shown in Appendix A opposite the capitalization, less the participation fee paid under subsection (1), and

~~(c)~~ file a completed Form 13-502F2A that contains a certification signed by an officer of the reporting issuer.

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

~~(4) A request for a refund under subsection (3) must be made to the Commission by the same date on which the form referred to in paragraph 2(c) is required to be filed.~~

2.6 Filing report and certification

- (1) At the time that it pays the participation fee required by this Part,
 - (a) a Class 1 and a Class 3B reporting issuer must file a completed Form 13-502F1 [Class 1 and Class 3B Reporting Issuers – Participation Fee](#),
 - (b) a Class 2 reporting issuer must file a completed Form 13-502F2 [Class 2 Reporting Issuers – Participation Fee](#), and
 - (c) a Class 3A reporting issuer must file a completed Form 13-502F3A [Class 3A Reporting Issuers – Participation Fee](#).
- (2) A form required to be filed under subsection (1) must contain a certification signed by an officer of the reporting issuer.

2.7 Late fee

- (1) A reporting issuer that is late in paying a participation fee under this Part must pay an additional late fee of 0.1% of the unpaid portion of the participation fee for each ~~business~~ day on which any portion of the participation fee was due and unpaid.
- (2) If a late fee calculated under subsection (1) is less than \$100, it is deemed to be nil.

Division 2: Calculating Capitalization

2.8 Class 1 reporting issuers

- (1) The capitalization of a Class 1 reporting issuer for the previous financial year is the total of all of the following:
 - (a) for each class or series of the reporting issuer's equity securities listed or quoted on a marketplace, the sum of the market value of the securities listed or quoted on a marketplace at the end of the last trading day of each quarterly period in the previous financial year of the reporting issuer divided by four;
 - (b) if section 2.4 applies to a subsidiary of the reporting issuer, for each class or series of equity securities of the subsidiary, the sum of the market value of the subsidiary's securities listed or quoted on a marketplace at the end of the last trading day of each quarterly period in the previous financial year of the ~~subsidiary issuer~~ divided by four, ~~—~~to the extent that this sum has not otherwise been included in the capitalization of the reporting issuer for the previous financial year;
 - (c) the fair value of the outstanding debt securities of the reporting issuer at the end of the previous financial year that are,
 - (iv) listed or quoted on a marketplace,
 - (v) traded over the counter, or
 - (vi) available for purchase or sale without regard to a statutory hold period;
 - (d) the fair value of the outstanding debt securities of the reporting issuer's subsidiaries at the end of the previous financial year for subsidiaries that are not reporting issuers, to the extent that those outstanding debt securities are consolidated in the reporting issuer's financial statements and are
 - (i) listed or quoted on a marketplace,
 - (ii) traded over the counter, or
 - (iii) available for purchase or sale without regard to a statutory hold period;

- (e) the fair value of the outstanding debt securities of the reporting issuer's subsidiaries at the end of the previous financial year for subsidiaries that are reporting issuers to which section 2.4 applies, to the extent that those outstanding debt securities are
 - (i) listed or quoted on a market place,
 - (ii) traded over the counter, or
 - (iii) available for purchase or sale without regard to a statutory hold period.

(2) For the purpose of paragraphs (1)(a) and (b), the market value of each class or series of a reporting issuer's equity securities listed or quoted on a market place is calculated for each quarterly period as follows:

$A \times B$

in which,

"A" is equal to the closing price of the security in the class or series on the last trading day of the quarterly period in which such security was listed or quoted on the highest trading market place, and

"B" is equal to the number of securities in the class or series of such security outstanding at the end of the quarterly period.

2.9 Class 2 reporting issuers

- (1) The capitalization of a Class 2 reporting issuer for the previous financial 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 previous financial 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 the previous financial year if it is not required to prepare, and does not ordinarily prepare, audited annual financial statements.

2.10 Class 3B reporting issuers — The capitalization of a Class 3B reporting issuer must be determined under section 2.8, as if it were a Class 1 reporting issuer.

2.11 Reliance on published information

- (1) Subject to subsection (2), in determining its capitalization, a reporting issuer may rely on information made available by a marketplace on which its securities trade.
- (2) If a reporting issuer reasonably believes that the information made available by a marketplace is incorrect, the issuer must make a good faith estimate of the information required.

PART 3 — CAPITAL MARKETS PARTICIPATION FEES

Division 1: General

3.1 ~~3.1~~ Participation fee – Registrant firms and unregistered capital markets participants

(1) A registrant firm or an unregistered capital markets participant must, after August 31 and before November 2 in each year, file a completed Form 13-502F4 showing the information required to determine the applicable participation fee referred to in subsections 3.5 or 3.6.

(2) A registrant firm or an unregistered capital markets participant must, by December 31 in each year, pay the participation fee shown in Appendix B opposite the specified Ontario revenues for the ~~previous~~ designated financial year of the firm or participant.

~~(2) A registrant firm or an unregistered capital markets participant must, after December 1 in each year, file a completed Form 13-502F4 showing the information required to determine the participation fee referred to in subsection (1).~~

(3) Despite subsections (1) and (2), if a firm person or company that was neither a registrant firm nor an unregistered capital market participant becomes, between November 1 and December 31, a registrant firm or an unregistered capital markets participant, that becomes registered, or provides notification that it qualifies as an unregistered capital markets participant, between December 1 and 31, it must, within 60 days of the date of it becoming a registrant firm or unregistered capital markets participant registration or notification

(a) file a completed Form 13-502F4; and

(b) pay the participation fee determined in the completed Form 13-502F4, within 60 days of the date of registration or notification.

~~(4) Subsection (1) does not apply to a person or company that ceased at any time in the financial year to be an unregistered investment fund manager if the person or company did not become a registrant firm in the year.~~

~~(5) Despite subsection (1), the participation fee for an unregistered investment fund manager payable by December 31, 2015 is nil provided that:~~

~~(a) The unregistered investment fund manager has a financial year ending in 2015 between January 1 and the day immediately prior to the effective date of this Rule, and~~

~~The unregistered investment fund manager paid the applicable participation fee for the financial year referred to in paragraph (a) within 90 days of its financial year end.~~

3.2 ~~Estimating specified Ontario revenues for late financial year end~~

~~(1) If the annual financial statements of a registrant firm or an unregistered capital markets participant for a previous financial year are not completed by December 1 in the calendar year in which the previous financial year ends, the firm or participant must,~~

~~(a) by December 1, 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 financial year, and~~

~~(b) by December 31, pay the participation fee shown in Appendix B opposite its estimated specified Ontario revenues for the previous financial year.~~

~~(2) A registrant firm or an unregistered capital markets participant that estimated its specified Ontario revenues for a previous financial year under subsection (1) must, not later than 90 days after the end of the previous financial year,~~

~~(a) calculate its specified Ontario revenues,~~

~~(b) determine the participation fee shown in Appendix B opposite the specified Ontario revenues, and~~

~~(c) if the participation fee determined under paragraph (b) exceeds the participation fee paid under subsection (1), pay the balance owing and file a completed Form 13-502F4 and Form 13-502F5.~~

~~(3) — A registrant firm or unregistered capital markets participant that pays an amount under subsection (1) that exceeds the participation fee determined under subsection (2) is entitled to a refund from the Commission of the excess.~~

~~(4) — A request for a refund under subsection (3) must be made to the Commission by the same date on which the form referred to in paragraph (2)(c) is required to be filed.~~

3.3 Certification —

- (1) A [Form 13-502F4](#) required to be filed under section 3.1 ~~or 3.2~~ must contain a certification signed by any one of the following:
 - (a) the chief compliance officer of the registrant [firm](#) or the unregistered capital markets participant;
 - (b) in the case of an unregistered capital markets participant without a chief compliance officer, an individual acting in a similar capacity;
 - (c) a specified officer of the registrant [firm](#) or the unregistered capital markets participant, or an individual acting in a similar capacity;
 - (d) a director of the registrant [firm](#) or [the](#) unregistered capital markets participant.
- (2) For the purposes of paragraph (1)(c), “specified officer” of a registrant [firm](#) or an unregistered capital markets participant, means an individual with any one or more of the following positions in relation to the registrant [firm](#) or the unregistered capital market participant:
 - (a) chief executive officer;
 - (b) chief financial officer;
 - (c) chief operating officer.

3.4 Late fee

- (1) A person or company that is late in paying a participation fee under this Part must pay an additional late fee of 0.1% of the unpaid portion of the participation fee for each ~~business~~ day on which any portion of the participation fee was due and unpaid.
- (2) A late fee calculated under subsection (1) is deemed to be nil if it is less than \$100.

Division 2: Calculating Specified Ontario Revenues

3.5 Calculating specified Ontario revenues for IIROC and MFDA members

- (1) The specified Ontario revenues for a ~~previous financial year~~[designated financial year](#) of a registrant firm that was an IIROC or MFDA member at the end of the ~~previous financial year~~[designated financial year](#) is calculated by multiplying
 - (a) the registrant firm’s total revenues for the ~~previous financial year~~[designated financial year](#), less the portion of the total revenue not attributable to capital markets activities,
by
 - (b) the registrant firm’s Ontario percentage for the ~~previous financial year~~[designated financial year](#).
- (2) For the purpose of paragraph (1)(a), “total revenues” for a ~~previous financial year~~[designated financial year](#) means,
 - (a) for a registrant firm that was an IIROC member at the end of the ~~previous financial year~~[designated financial year](#), the amount shown as total revenue for the ~~previous financial year~~[designated financial year](#) on Statement E of the [IIROC Form 1 Joint Regulatory Financial Questionnaire and Report](#) filed with IIROC by the registrant firm, and
 - (b) for a registrant firm that was an MFDA member at the end of the ~~previous financial year~~[designated financial year](#), the amount shown as total revenue for the ~~previous financial year~~[designated financial year](#)

year on Statement D of the MFDA ~~Financial Questionnaire and Report Form 1 (IFRS)~~ filed with the MFDA by the registrant firm.

3.6 Calculating specified Ontario revenues for others

- (1) The specified Ontario revenues for a ~~previous financial year~~designated financial year of ~~either an unregistered capital markets participant or~~ a registrant firm that was not a member of IIROC or the MFDA at the end of the ~~previous financial year~~designated financial year, ~~or for an unregistered capital markets participant~~, is calculated by multiplying
 - (a) the ~~firm's person or company's~~ total gross revenues of the unregistered capital markets participants or the registrant firm, ~~as shown in the audited financial statements prepared in accordance with NI 52-107~~ for the ~~previous financial year~~designated financial year, less deductions permitted under subsection (2),
by
 - (b) the ~~firm's person or company's~~ Ontario percentage of the unregistered capital markets participant or the registrant firm for the ~~previous financial year~~designated financial year.
- (2) For the purpose of paragraph (1)(a), ~~an unregistered capital markets participant or a registrant firm a person or company~~ may deduct the following items, if earned in the ~~previous financial year~~designated financial year, from its total gross revenues:
 - (a) revenues not attributable to capital markets activities;
 - (b) redemption fees earned on the redemption of investment fund securities ~~that were previously~~ sold on a deferred sales charge basis;
 - (c) administration fees earned relating to the recovery of costs from investment funds managed by ~~it the person or company~~ for operating expenses ~~that it previously~~ paid on behalf of the investment funds; ~~by the person or company~~;
 - (d) advisory or sub-advisory fees paid during the designated financial year by ~~the person or company~~ it 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 ~~financial year~~designated financial year by ~~the person or company~~ it to a registrant firm described in subparagraph (d)(i).
- (3) Despite subsection (1), an unregistered capital markets participant may calculate its gross revenues using unaudited financial statements if it ~~is not required to prepare, and~~ does not ordinarily prepare, audited financial statements.

PART 4 – PARTICIPATION FEES FOR SPECIFIED REGULATED ENTITIES

4.1 Recognized exchange

- (1) A recognized exchange must, no later than April 30 in each ~~calendar~~ year, pay the participation fee shown in Column B of Appendix B.1 opposite the corresponding Canadian trading share of the exchange for the specified period in Rows A1 to A6 of Column A.
- (2) If there are two or more recognized exchanges, each of which is related to each other,
 - (a) the obligation under subsection (1) and Appendix B.1 must be calculated as if the recognized exchanges are a single entity, and
 - (b) each recognized exchange is jointly and severally liable in respect of the obligation.

4.2 Recognized quotation and trade reporting system

A recognized quotation and trade reporting system must, no later than April 30 in each ~~calendar~~ year, pay the participation fee shown in Column B of Appendix B.1 opposite the corresponding Canadian trading share of the quotation and trade reporting system for the specified period in Rows A1 to A6 of Column A.

4.3 Alternative trading system

- (1) An alternative trading system described in Row C1 in Column A of Appendix B.1 must, no later than April 30 in each ~~calendar~~ year, pay a participation fee equal to the lesser of
 - (a) the participation fee set for the alternative trading system in Column B of Appendix B.1 as if it were a recognized exchange, opposite the corresponding Canadian trading share of the alternative trading system for the specified period in Rows A1 to A6 of Column A, less the capital markets participation fee paid under section 3.1-~~or 3.2~~ by the person or company ~~on its specified Ontario revenues in the preceding financial year~~ in the preceding year, and
 - (b) \$17,000.
- (2) An alternative trading system described in Row C2 in Column A of Appendix B.1 must, no later than April 30 in each ~~calendar~~ year, pay a participation fee equal to the lesser of
 - (a) \$30,000, less the capital markets participation fee paid under section 3.1-~~or 3.2~~ by the person or company in the preceding year ~~on its specified Ontario revenues in the preceding financial year~~, and
 - (b) \$8,750.
- (3) An alternative trading system described in ~~Row~~ C3 in Column A of Appendix B.1 must, no later than April 30 in each ~~calendar~~ year, pay a participation fee equal to the lesser of
 - (a) \$30,000, less the capital markets participation fee paid under section 3.1-~~or 3.2~~ by the person or company in the preceding year ~~on its specified Ontario revenues in the preceding financial year~~, and
 - (b) \$17,000.
- (4) If the amount determined under paragraph (1)(a), (2)(a) or (3)(a) is negative, the amount must be refunded to the person or company not later than June 1 in the ~~calendar~~ year.
- (5) If there are two or more alternative trading systems that trade the same asset class, each of which is related to each other,
 - (a) the obligation under subsections (1), ~~(2) or (3)~~ and Appendix B.1 must be calculated as if the alternative trading systems are a single entity, and
 - (b) each alternative trading system is jointly and severally liable in respect of the obligation.
- (6) If there are two or more alternative trading systems, each of which is related to each other and each of which trades different asset classes, then each alternative trading system must pay a participation fee as determined under subsection (1), (2) or (3).

4.4 Recognized clearing agencies

A recognized clearing agency must, no later than April 30 in each ~~calendar~~ year, pay the aggregate of the participation fees shown in Column B of Appendix B.1 opposite the services described in Rows D1 to D6 of Column A that are provided by the clearing agency in the specified period.

4.5 Other specified regulated entities

A person or company described in row B1, ~~E1~~, E2 or F1 in Column A of Appendix B.1 must, no later than April 30 in each ~~calendar~~ year, pay the participation fee shown in Column B of Appendix B.1 opposite the corresponding description in Row B1, E1, E2 or F1, as the case may be.

4.6 Participation fee on recognition, designation, etc.

- (1) A person or company must, on the date it first becomes a specified regulated entity, pay a participation fee ~~of~~calculated as follows:

$A \times B \div \text{G12}$, ~~where~~

in which,

“A” is

(a) in the case of a recognized exchange, a recognized quotation and trade reporting system or an alternative trading system, \$30,000,

(b) in the case of an exchange exempt from recognition under the Act, \$10,000,

(c) in the case of a recognized clearing agency, the aggregate of the participation fees shown in Column B of Appendix B.1 opposite the services described in Rows D1 to D6 of Column A that are to be provided by the clearing agency in the specified period,

(d) in the case of a clearing agency exempt from recognition under the Act, \$10,000,

(e) in the case of a designated trade repository, \$30,000, and

“B” is the number of complete months remaining from the month in which the person or company first became a specified regulated entity until March 31, ~~and~~

~~“C”~~ is 12

- (2) If a person or company first becomes a specified regulated entity between January 1 and March 31 of a ~~calendar~~ year, the fee required to be paid under subsection (1) is in addition to the fee required to be paid by the person or company in the same ~~calendar~~ year under section 4.1 to section 4.5.

4.7 Form – A payment made under section 4.1 to section 4.6 must be accompanied by a completed Form 13-502F7 Specified Regulated Entities – Participation Fee.

4.8 Late fee

- (1) A person or company that is late paying a participation fee under this Part must pay an additional late fee of 0.1% of the unpaid portion of the participation fee for each ~~business~~ day on which any portion of the participation fee was due and unpaid.
- (2) If the late fee calculated under subsection (1) is less than \$100, it is deemed to be nil.

PART 5 – PARTICIPATION FEES FOR DESIGNATED CREDIT RATING ORGANIZATIONS

5.1 Payment of participation fee

- (1) A designated credit rating organization must, after each financial year,
- pay a participation fee of \$15,000, and
 - file a completed Form 13-502F8 Designated Credit Rating Organizations – Participation Fee containing a certification signed by an officer of the designated credit rating organization.
- (2) A designated credit rating organization must comply with subsection (1) by the earlier of
- the date on which it is required to file a completed Form 25-101FI *Designated Rating Organization Application and Annual Filing* in respect of the financial year under National Instrument 25-101 *Designated Rating Organizations*, and
 - the date on which it files a completed ~~F~~Form 25-101FI *Designated Rating Organization Application and Annual Filing* in respect of the financial year.

5.2 Late fee

- (1) A designated credit rating organization that is late paying a participation fee under this Part must pay an additional late fee of 0.1% of the unpaid portion of the participation fee for each ~~business~~ day on which any portion of the participation fee was due and unpaid.
- (2) If a late fee calculated under subsection (1) is less than \$100, it is deemed to be nil.

PART 5A- DERIVATIVES PARTICIPATION FEE

5A.1 Definitions

In this Part, "transaction" has the meaning ascribed to it in OSC Rule 91-507.

5A.2 Participation fee

- (1) A person or company is a fee payer for the purposes of this Part in respect of a derivatives fee year where both of the following conditions are satisfied:
 - (a) with respect to any transaction in the derivatives fee year, the person or company was a reporting counterparty (as defined in OSC Rule 91-507);
 - (b) the person or company was neither a recognized clearing agency nor exempt by the Commission from the requirement to be recognized as a clearing agency.
- (2) A fee payer must pay a participation fee, shown in Appendix B.2, for a derivatives fee year, determined with reference to the payer's average daily notional amount outstanding during the derivatives fee year.
- (3) A fee payer's average daily notional amount outstanding during a derivatives fee year is determined with regard to each transaction required to be reported under OSC Rule 91-507 for which the fee payer is a counterparty and, notwithstanding Part 7.1 of this Rule, is calculated as follows:
 - (a) for each day in the derivatives fee year, determine the total of the notional amounts of the fee payer's outstanding positions, as reported under OSC Rule 91-507, referenced in the currency of the outstanding position, as reported under OSC Rule 91-507,
 - (b) aggregate the total notional amounts referred to in paragraph (a) for each currency for all days in the derivatives fee year,
 - (c) for each aggregate determined in respect of a currency (other than the Canadian dollar) under paragraph (b), calculate the Canadian dollar equivalent using the daily exchange rate for the last business day of the derivatives fee year, as posted on the Bank of Canada website,
 - (d) add the amount determined under paragraph (b) in respect of the Canadian dollar and the total of the Canadian dollar equivalents determined under paragraph (c), and
 - (e) divide the total determined under paragraph (d) by the number of days in the derivatives fee year to obtain the fee payer's average daily notional amount outstanding during the derivatives fee year.
- (4) The payment required of a fee payer by subsection (2) in respect of a derivatives fee year must be made by the fee payer not more than 60 days after the end of the derivatives fee year and be accompanied by Form 13-502F9 *Form Accompanying Payment of Derivatives Participation Fee*.

5A.3 Late fee

- (1) A fee payer that is late in paying a participation fee under this Part must pay an additional late fee of 0.1% of the unpaid portion of the participation fee for each day on which any portion of the participation fee was due and unpaid.
- (2) If a late fee calculated under subsection (1) is less than \$100, it is deemed to be nil.

PART 6 — ACTIVITY FEES

6.1 Activity fees – General – A person or company must, when filing a document or taking an action described in any of Rows A1 to O4 of Column A of Appendix C, pay the ~~activity~~ fee shown opposite the description of the document or action in Column B.

6.2 Information request – A person or company that makes a request described in ~~any of Rows P1 or P2~~ of Column A of Appendix C must pay the fee shown opposite the description of the request in Column B of Appendix C before receiving the document or information requested.

6.2.1 Affiliated entities — (1) Despite section 6.1, only one fee must be paid under this Part for an application, in respect of a joint activity, made jointly by applicants affiliated with each other.

(2) Without limiting the generality of subsection (1), only one fee must be paid under this Part where an application for exemptive relief is made jointly by applicants affiliated with each other.

6.3 Investment fund families — Despite section 6.1, only one activity fee must be paid for an application made by or on behalf of two or more investment funds that have

~~two or more investment funds that have~~

(a) the same investment fund manager, or

(b) investment fund managers that are affiliates of each other; ~~or~~

~~(a) two or more registrants that~~

~~(b) are affiliates of each other, and~~

~~make an application described in item E of Column A of Appendix C in respect of a joint activity.~~

PART 7 — CURRENCY CONVERSION

7.1 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 exchange rate for the last business day preceding the particular date as posted on the Bank of Canada website.

PART 7A — FEES FOR LATE FILING OR DELIVERY

7A.1 Definitions - For the purposes of this Part,

“applicable limit” of a person or company for a year means

(a) if the person or company is required to pay a participation fee in the year under Part 3 and the specified Ontario revenues for the designated financial year on which the participation fee is based are greater than or equal to \$500 million, \$10,000 for that year, and

(b) in any other case, \$5,000 for that year;

“covered document” means a form or document listed in Row A of Column A of Appendix D;

“specified late day” means a day occurring after April 2, 2023.

Late fee for covered documents

7A.2 A person or company that files or delivers a covered document after it was required to be filed or delivered, must, when filing or delivering it, pay the fee determined under section 7A.3 in respect of the covered document.

Amount of fee

7A.3 (1) Subject to subsection (2), the fee for a covered document is equal to \$100 multiplied by the number of specified late days following the date the covered document was required to be filed or delivered until the date the covered document is filed or delivered.

(2) Despite subsection (1), the maximum late fee payable by a person or company under section 7A.2 and attributable to a year for all covered documents is equal to the applicable limit.

(3) If an investment fund and one more other investment funds have the same investment fund manager or investment fund managers that are affiliates of each other and each of those investment funds has failed to file the same type of covered document due by the same date, a fee paid under section 7A.2 by the first-mentioned investment fund in respect of that covered document and attributable to a year is deemed for the purposes of this section to have been paid by each of the other investment funds and be attributable to that year.

(4) If a registrant firm and one or more registrant firms are affiliates of each other and each of those registrant firms has failed to file the same type of a covered document due by the same date, a fee paid under section 7A.2 by the first-mentioned registrant firm in respect of the covered document and attributable to a year is deemed for the purposes of this section to have been paid by each of the other registrant firms and be attributable to that year.

Fee for late filing of a Form 45-106F1

7A.4 A person or company that files a Form 45-106F1 after it was required to be filed must pay the fee shown in Row C of Column B of Appendix D when filing the form.

Fee for late filing of a Form 13-502F9

7A.5 A person or company that files a Form 13-502F9 after it was required to be filed must pay the fee shown in Row C.1 of Column B of Appendix D when filing the form.

Fee for late filing of insider reports

7A.6 (1) A person or company that files a Form 55-102F2 *Insider Report* after it was required to be filed must pay the fee shown in Row D of Column B of Appendix D on receiving an invoice from the Commission.

(2) Subsection (1) does not apply to the late filing of a Form 55-102F2 *Insider Report* by an insider of a reporting issuer if

(a) the head office of the reporting issuer is located outside Ontario; and

(b) the insider is required to pay a fee for the late filing in another province or territory.

7A.7 Transition - Late fees accrued before April 3, 2023

A person or company that files or delivers a form or document listed in Row A or B of Column A of Appendix D of this Rule as it read on April 2, 2023 that was required to be filed or delivered before April 3, 2023, must, when filing or delivering it, pay the late fee determined under this Rule as it read on April 2, 2023 for the period from the date the form or document is required to be filed or delivered until April 2, 2023.

~~PART 7.1 — CURRENCY CONVERSION~~

~~7.1 — **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 exchange rate for the last business day preceding the particular date as posted on the Bank of Canada website.~~

PART 8 — EXEMPTION

8.1 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 9 — REVOCATION AND EFFECTIVE DATE

9.1 Revocation — Rule 13-502 Fees, as amended to October 18, 2019, ~~which came into force on June 1, 2009~~, is revoked.

9.2 Effective date — This Rule comes into force on ~~[April 6, 2015]~~ April 3, 2023.

Appendix A

CORPORATE FINANCE PARTICIPATION FEES

Subsection 2.2(1)

Capitalization for the Previous Financial Year	Participation Fee
Under \$10 million	<u>\$750</u> ~~\$890~~
\$10 million to under \$25 million	<u>\$1,000</u> ~~\$1,070~~
\$25 million to under \$50 million	<u>\$2,400</u> ~~\$2,590~~
\$50 million to under \$100 million	<u>\$6,100</u> ~~\$6,390~~
\$100 million to under \$250 million	<u>\$12,700</u> ~~\$13,340~~
\$250 million to under \$500 million	<u>\$27,900</u> ~~\$29,365~~
\$500 million to under \$1 billion	<u>\$38,900</u> ~~\$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

Appendix A.1

CORPORATE FINANCE PARTICIPATION FEES FOR CLASS 3B ISSUERS

Subsection 2.2(3)

Capitalization for the Previous Financial Year	Participation Fee
under \$10 million	~~\$750~~ ~~\$890~~
\$10 million to under \$25 million	~~\$1,000~~ ~~\$1,070~~
\$25 million to under \$50 million	~~\$1,110~~ ~~\$1,195~~
\$50 million to under \$100 million	~~\$2,030~~ ~~\$2,135~~
\$100 million to under \$250 million	~~\$4,225~~ ~~\$4,450~~
\$250 million to under \$500 million	~~\$9,300~~ ~~\$9,780~~
\$500 million to under \$1 billion	~~\$13,000~~ ~~\$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

Appendix B

CAPITAL MARKETS PARTICIPATION FEES

Section 3.1

Specified Ontario Revenues for the ~~Previous~~ ~~Financial Year~~ <u>Designated Financial Year</u>	<u>Participation Fee</u>
under \$250,000	<u>\$700</u> ~~\$835~~
\$250,000 to under \$500,000	<u>\$975</u> ~~\$1,085~~
\$500,000 to under \$1 million	<u>\$3,200</u> ~~\$3,550~~
\$1 million to under \$3 million	<u>\$7,150</u> ~~\$7,950~~
\$3 million to under \$5 million	<u>\$16,100</u> ~~\$17,900~~
\$5 million to under \$10 million	<u>\$34,300</u> ~~\$36,175~~
\$10 million to under \$25 million	<u>\$70,000</u> ~~\$74,000~~
\$25 million to under \$50 million	<u>\$105,200</u> ~~\$110,750~~
\$50 million to under \$100 million	<u>\$217,000</u> ~~\$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

Appendix B.1

PARTICIPATION FEES FOR SPECIFIED REGULATED ENTITIES
Part 3.14 of the Rule

Row	Specified Regulated Entity (Column A)	Participation Fee (Column B)
A. Recognized exchange and recognized quotation and trade reporting system		
A1	A person or company with a Canadian trading share for the specified period of up to 5%.	\$30,000
A2	A person or company with a Canadian trading share for the specified period of 5% to up to 15%.	\$50,000
A3	A person or company with a Canadian trading share for the specified period of 15% to up to 25%.	\$135,000
A4	A person or company with a Canadian trading share for the specified period of 25% to up to 50%.	\$275,000
A5	A person or company with a Canadian trading share for the specified period of 50% to up to 75%.	\$400,000
A6	A person or company with a Canadian trading share for the specified period of 75% or more.	\$500,000
B. Exchanges Exempt from Recognition under the Act		
B1	A person or company that is exempted by the Commission from the application of subsection 21(1) of the Act.	\$10,000
C. Alternative Trading Systems		
C1	Each alternative trading system for exchange-traded securities only.	Lesser of (a) The amount in A1 to A6 determined based on Canadian trading share of alternative trading system less capital markets participation fee paid in respect of previous year, and (b) \$17,000
C2	Each alternative trading system only for unlisted debt or securities lending.	Lesser of (a) \$30,000 less capital markets participation fee paid in respect of the previous year, and (b) \$8,750
C3	Each alternative trading system not described in Row C1, or C2.	Lesser of (a) \$30,000 less capital markets participation fee paid in respect of the previous year, and (b) \$17,000
D. Recognized Clearing Agencies – Services		
D1	Matching services, being the provision of facilities for comparing data respecting the terms of settlement of a trade or transaction.	\$10,000
D2	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

Row	Specified Regulated Entity (Column A)	Participation Fee (Column B)
D3	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
D4	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
D5	Acting as a central clearing counterparty by providing novation services, if the Commission places reliance on another regulator for direct oversight.	\$70,000
D6	Depository services, being the provision of centralized facilities as a depository for securities.	\$20,000
E1	E. Clearing Agencies Exempt from Recognition under the Act Each clearing agency that ~~is~~ (a) <u>is</u> exempted by the Commission from the application of subsection 21.2(1) of the Act, ~~and~~ (b) <u>does not have a clearing member resident in Ontario, and</u> (c) <u>has at least one customer, as defined in National Instrument 94-102 Derivatives: Customer Clearing and Protection of Customer Collateral and Positions, resident in Ontario.</u>	<u>\$7,500</u>
E2	<u>Each clearing agency that</u> <u>(a) is exempted by the Commission from the application of subsection 21.2(1) of the Act, and</u> <u>(a)(b) has at least one clearing member resident in Ontario.</u>	\$10,000
F1	F. Designated Trade Repositories Each designated trade repository designated under subsection 21.2.2(1) of the Act.	\$30,000

Appendix B.2DERIVATIVES PARTICIPATION FEE
Section 5A.2

<u>Average Daily Notional Amount Outstanding during</u> <u>Derivatives Fee Year</u>	<u>Participation Fee</u>
<u>under \$3 billion</u>	<u>\$0</u>
<u>\$3 billion to under \$7.5 billion</u>	<u>\$3,000</u>
<u>\$7.5 billion to under \$15 billion</u>	<u>\$7,500</u>
<u>\$15 billion to under \$50 billion</u>	<u>\$15,000</u>
<u>\$50 billion to under \$100 billion</u>	<u>\$50,000</u>
<u>\$100 billion to under \$300 billion</u>	<u>\$100,000</u>
<u>\$300 billion to under \$500 billion</u>	<u>\$200,000</u>
<u>\$500 billion to under \$1 trillion</u>	<u>\$450,000</u>
<u>\$1 trillion to under \$4 trillion</u>	<u>\$750,000</u>
<u>\$4 trillion to under \$10 trillion</u>	<u>\$1,350,000</u>
<u>\$10 trillion and over</u>	<u>\$1,900,000</u>

Appendix C

ACTIVITY FEES
[Sections 6.1 and 6.2](#)

Row	Document or Activity (Column A)	Fee (Column B)
A. Prospectus Filings		
A1	Preliminary or Pro Forma Prospectus in Form 41-101F1 <u>Information Required in a Prospectus</u> (including if PREP procedures are used)	\$3,800
A2	~~Additional fee(s) for Preliminary or Pro Forma Prospectus of an issuer that is accompanied by, or incorporates by reference, technical report(s) that has or have not been previously incorporated by reference in a Preliminary or Pro Forma Prospectus.~~ <u>Additional fee for each technical report that supports scientific and technical information relating to a mineral project that is included in a Preliminary or Pro Forma Prospectus.</u>	\$2,500 for each technical report <u>for which a fee under this Appendix has not previously been paid</u>
A3	Preliminary Short Form Prospectus in Form 44-101F1 <u>Short Form Prospectus</u> (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 province or territory in connection with a distribution solely in the United States under MJDS as described in the companion policy to National Instrument 71-101 <i>The Multijurisdictional Disclosure System</i> .	\$3,800
A4	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 <u>Contents of Simplified Prospectus</u> and Form 81-101F2 <u>Contents of Annual Information Form</u> (b) Preliminary or Pro Forma Prospectus in Form 41-101F2 <u>Information Required in an Investment Fund Prospectus</u> or Scholarship Plan Prospectus in Form 41-101F3 <u>Information Required in a Scholarship Plan Prospectus</u>	The greater of (i) \$3,800 for a prospectus, and (ii) \$400 for each mutual fund in a prospectus. The greater of (i) \$3,800 for a prospectus, and (ii) \$650 for each investment fund in a prospectus.
A5	Review of prospectus supplement in relation to a specified derivative (as defined in National Instrument 44-102 <i>Shelf Distributions</i>).	\$3,800
A6	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 or securities of the issuer.	\$500
B. Fees relating to exempt distributions under OSC Rule 45-501 Ontario Prospectus and Registration Exemptions and NI 45-106		
B1	Application for recognition, or renewal of recognition, as an accredited investor	~~\$350~~ 500
B2	Filing of a Form 45-106F1 for a distribution of securities of an issuer under an exemption from the prospectus requirement ~~other than section 2.9 [Offering memorandum] of NI 45-106~~	~~\$500~~ <u>\$350</u>
~~B2.1~~	~~Filing of a Form 45-106F1 for a distribution of securities of an issuer under section 2.9 [Offering memorandum] of NI 45-106~~	~~Greater of (i) \$500 or (ii) 0.025% of the gross proceeds realized by the issuer from the distribution in Ontario~~

Row	Document or Activity (Column A)	Fee (Column B)
~~B3~~	~~Filing of a rights offering circular in Form 45-106F15~~	~~\$3,800~~ ~~(plus an additional fee of \$2,000 in connection with any application or filing described in any of Rows B1 to B3 if neither the applicant nor the filer or an issuer of which the applicant or filer is a wholly owned subsidiary is subject to, or is reasonably expected to become subject to, a participation fee under this Rule)~~
~~C1~~	~~Notice of exemption~~ ~~Provision of Notice under paragraph 2.42(2)(a) of NI 45-106~~	~~\$2,000~~
~~D1~~	~~Syndicate Agreement~~ ~~Filing of Prospecting Syndicate Agreement~~	~~\$500~~
	E. Applications for specifically enumerated relief, approval, recognition, designation, etc.	
E1	An application for relief from this rule	\$1,800
E2	An application for relief from any of the following: (a) National Instrument 31-102 <i>National Registration Database</i> ; (b) NI 33-109; (c) section 3.11 [<i>Portfolio manager – advising representative</i>] of NI 31-103; (d) section 3.12 [<i>Portfolio manager – associate advising representative</i>] of NI 31-103; (e) section 3.13 [<i>Portfolio manager – chief compliance officer</i>] of NI 31-103; (f) 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.	\$1,800
E3	An application for relief from any of the following: (a) section 3.3 [Time limits on examination requirements] of NI 31-103; (b) section 3.5 [Mutual fund dealer – dealing representative] of NI 31-103; (c) section 3.6 [Mutual fund dealer – chief compliance officer] of NI 31-103; (d) section 3.7 [Scholarship plan dealer – dealing representative] of NI 31-103; (e) section 3.8 [Scholarship plan dealer – chief compliance officer] of NI 31-103; (f) section 3.9 [Exempt market dealer – dealing representative] of NI 31-103; (g) section 3.10 [Exempt market dealer – chief compliance officer] of NI 31-103.	\$500
E4	An application under subparagraph 1(10)(a)(ii) of the Act	\$1,000

Row	Document or Activity (Column A)	Fee (Column B)
E5	An application (a) under section 30 or subsection 38(3) of the Act or subsection 1(6) of the <i>Business Corporations Act</i> , (b) under subsection 144(1) 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 Revocation of a Compliance-related Cease Trade Order Division 2 of National Policy 12-202 Revocation of Certain Cease Trade Orders , and (c) under subsections 144(1) and 127(4.3) of the Act to revoke a cease trade order made under subsection 127(4.1) of the Act that has been in effect for 90 days or less.	Nil
E6	An application 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 National Instrument 41-101 <i>General Prospectus Requirements</i> or National Instrument 81-101 <i>Mutual Fund Prospectus Disclosure</i>).	(a) \$4,800 for an application for relief, or approval under, one section of the Act, a regulation or a rule (b) \$7,000 for an application for relief from, or approval under, two or more sections of the Act, regulation or a rule
~~E7~~	~~An application for approval under subsection 213(3) of the <i>Loan and Trust Corporations Act</i>~~	~~\$1,500~~
E8	An application (a) made under subsection 46(4) of the <i>Business Corporations Act</i> for relief from the requirements under Part V of that Act (b) for consent to continue in another jurisdiction under paragraph 4(b) of Ont. Reg. 289/00 made under the <i>Business Corporations Act</i> <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>	\$400
	F. ~~Market Regulation Recognitions and Exemptions~~ Recognitions and Exemptions for Specified Regulated Entities	
F1	An application for recognition of an exchange under section 21 of the Act	\$110,000
F2	An application for exemption from the requirement to be recognized as an exchange under section 21 of the Act	\$83,000
F3	An application by a marketplace that trades OTC derivatives, including swap execution facilities, for exemption from the requirement to be recognized under section 21 of the Act	\$20,000
F4	An application by clearing agencies for recognition under section 21.2 of the Act	\$110,000
F5	An application for exemption from the requirement to be recognized as a clearing agency under section 21.2 of the Act by a clearing agency not planning to have any clearing member resident in Ontario, if the clearing agency has at least one customer, as defined in National Instrument 94-102 Derivatives: Customer Clearing and Protection of Customer Collateral and Positions, resident in Ontario.	\$15,000

Row	Document or Activity (Column A)	Fee (Column B)
F6	An application for exemption from the requirement to be recognized as a clearing agency under section 21.2 of the Act by a clearing agency planning to have at least one clearing member resident in Ontario.	\$83,000 (plus an additional fee of \$100,000 in connection with an application described in any of Rows F1 to F5 that (a) reflects a merger of an exchange or clearing agency, (b) reflects an acquisition of a major part of the assets of an exchange or clearing agency, or (c) involves the introduction of a new business that would significantly change the risk profile of an exchange or clearing agency, or reflects a major reorganization or restructuring of an exchange or clearing agency).
G1	G. Initial Filing for ATS Review of the initial Form 21-101F2 Information Statement Alternative Trading System of a new alternative trading system	\$55,000
H1	H. Trade Repository Application for designation as a trade repository under section 21.2.2 of the Act	\$83,000
I1	I. Pre-Filings Each pre-filing relating to the items described in Rows F1 to F5, G1 and H1 ~~of Appendix C~~	One-half of the otherwise applicable fee that would be payable if the corresponding formal filing had proceeded at the same time as the pre-filing.
I2	Any other pre-filing <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>	The applicable fee that would be payable if the corresponding formal filing had proceeded at the same time as the pre-filing.

Row	Document or Activity (Column A)	Fee (Column B)
J. Take-Over Bid and Issuer Bid Documents		
J1	Filing of a take-over bid or issuer bid circular under subsection 2.10(2),(3) or (4) of NI 62-104, ~~the filing of an information circular by a person or company in connection with a solicitation that is not made by or on behalf of management,~~ or the filing of an information circular in connection with a special meeting to be held to consider the approval of a going private transaction, reorganization, amalgamation, merger, arrangement, consolidation or similar business combination (other than a second step business combination in compliance with MI 61-101).	\$4,500 (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)
J2	Filing of a notice of change or variation under section 2.13 of NI 62-104	Nil
K. Registration-Related Activity		
K1	New registration of a firm in one or more categories of registration	\$1,300
K2	Addition of one or more categories of registration	\$700
K3	Registration of a new representative as a dealer and/or adviser on behalf of a registrant firm	\$200 per individual, unless the individual makes an application to register in the same category of registration within three months of terminating employment with a previous firm.
K4	Review of permitted individual	\$100 per individual, unless the individual is already registered as a dealer and/or adviser on behalf of a registrant firm
K5	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
K6	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
K7	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	\$1,000
K8	Application for amending terms and conditions of registration	\$800
L. Registrant Acquisitions		
L1	Notice ~~required~~ <i>given</i> 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	\$3,600
~~M. Certified Statements~~		
~~M1~~	~~Request for certified statement from the Commission or the Director under section 139 of the Act~~	~~\$100~~

Row	Document or Activity (Column A)	Fee (Column B)
N. Designated Rating Organizations		
N1	An application for designation of a credit rating organization under section 22 of the Act	\$15,000
N2	An application for a variation of a designation of a credit rating organization under subsection 144(1) of the Act if the application (a) reflects a merger of a credit rating organization, (b) reflects an acquisition of a major part of the assets of a credit rating organization, (c) involves the introduction of a new business that would significantly change the risk profile of a credit rating organization, or (d) reflects a major reorganization or restructuring of a credit rating organization	\$15,000
N3	Any other application for a variation of a designation of a credit rating organization under subsection 144(1) of the Act	\$4,800
O. Any Application not otherwise Listed in this Rule		
O1	An application ~~-, other than one described in Rows A1 to N3,~~ for (a) relief from one section of the Act, a regulation or a rule, or (b) recognition or designation under one section of the Act, a regulation or a rule.	\$4,800
O2	An application ~~-, other than one described in Rows A1 to N3,~~ for (a) relief from two or more sections of the Act, a regulation or a rule made at the same time, or (b) recognition or designation under two or more sections of the Act, a regulation or a rule made at the same time.	\$7,000
O3	An application ~~made under~~ referred to in O1 or O2 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>) Fees: (i) the applicant; (ii) an issuer of which the applicant is a wholly owned subsidiary; (iii) the investment fund manager of the applicant);	The amount in O1 or O2 is increased by \$2,000
O4	An application under subsection 144(1) of the Act if the application reflects a merger of an exchange or clearing agency, (b) reflects an acquisition of a major part of the assets of an exchange or clearing agency, (c) involves the introduction of a new business that would significantly change the risk profile of an exchange or clearing agency, or (d) reflects a major reorganization or restructuring of an exchange or clearing agency.	The amount in O1 or O2 is increased by \$100,000
P. Requests to the Commission		
P1	Request for a ~~copy (in any format)~~ search of Commission public records	~~-\$100.50 per image~~ initial search fee, plus \$7.50 per person searching for each 15 minutes spent by the person searching or preparing records for disclosure to the extent consistent with the request.

Request for Comments

Row	Document or Activity (Column A)	Fee (Column B)
P2	Request for ~~a search~~ <u>copies</u> of Commission public records	~~\$7.50 for each 15 minutes search time spent by any person~~ <u>Applicable search fees under Row P1.</u> <u>Additional charge of \$0.25 per page for photocopied or printed records. No additional charge for digital copies, where available.</u>

~~P3Request for one's own individual registration form~~

~~\$30~~

Appendix D

ADDITIONAL FEES FOR LATE DOCUMENT FILINGS

Part 7A

	Document (Column A)	Late Fee (Column B)
A.	Fee for late filing or delivery of any of the following forms <u>or</u> documents: (a) Annual financial statements and interim financial information; (b) Annual information form filed under NI 51-102 or National Instrument 81-106 <i>Investment Fund Continuous Disclosure</i>; (c) ~~Notice under section 11.9 [Registrant acquiring a registered firm's securities or assets] of NI 31-103; [Repealed]~~ (d) Form 33-109F1 <u>Notice of Termination of Registered Individuals and Permitted Individuals (section 4.2)</u>; ~~(e) [Repealed] Form 33-109F5, if the Commission is the principal regulator for the registrant firm or the individual and the filing is made for the purpose of amending:~~ ~~(i)(e) one or more of items 10, 12, 13, 14, 15, 16, or 17 of Form 33-109F4, or~~ ~~(ii) one or more of items 1, 2, 3, 4, 5.3, 5.4, 5.5, 5.8, 5.9, 5.10, 5.11, 5.12, 6, 7, or 8 of Form 33-109F6 if the information being amended relates to the registrant firm and not a specified affiliate (as defined in Form 33-109F6) of the registrant firm;~~ (f) Any form or document required to be filed or delivered by a registrant firm or individual in connection with the registration of the registrant firm or individual under the Act with respect to (i) terms and conditions imposed on ~~the~~ registrant firm or individual, or (ii) an order of the Commission; ~~(g) Form 13-502F1;~~ ~~(h) Form 13-502F2;~~ ~~(i) Form 13-502F3A;~~ (j) Form 13-502F4; ~~(k) Form 13-502F5;~~ ~~(l) Form 13-502F6;~~ ~~(m) Form 13-502F7;~~ ~~(n) Form 13-502F8~~	~~For each form or document required to be filed or delivered, \$100 for every specified day following the date the form or document was required to be filed or delivered until the date the form or document is filed or delivered, subject to a maximum aggregate late fee of,~~ ~~(a) if the person or company is subject to a participation fee under Part 3 of the Rule and the estimated specified Ontario revenues for the previous financial year are greater than or equal to \$500 million, \$10,000 for all forms or documents required to be filed or delivered by the person or company in the calendar year, or~~ ~~(b) in all other cases, \$5,000 for all forms or documents required to be filed or delivered by the person or company in the calendar year.~~ <u>Late fee amount to be calculated in accordance with Part 7.0 of the Rule.</u>
B.	~~Fee for late filing or delivery of Form 33-109F5 if the Commission is the principal regulator for the registrant firm and the filing is made for the purpose of amending Form 33-109F6 for information of a specified affiliate (as defined in Form 33-109F6) of the registrant firm.~~	\$100
C.	Fee for late filing <u>a</u> ~~Forms~~ 45-106F1	<u>For each year, \$100 for every business day in the year</u> following the date the form was required to be filed by a person or company until the date the form is filed, to a maximum of \$5,000 <u>for the year</u> for all ~~forms~~ <u>Form 45-106F1s</u> required to be filed by the person or company in the ~~calendar~~ year.
C.1	<u>Fee for late filing of Form 13-502F9</u>	<u>For each year, \$100 for every day in the year following the date the form was required to be filed by a person or company until the date the form is filed, to a maximum of \$5,000 for the year for the Form 13-509F9 that is</u>

Request for Comments

	Document (Column A)	Late Fee (Column B)
		required to be filed by the person or company.
D .	Fee for late filing of Form 55-102F2 ~~—Insider Report~~	Subject to section 7A.6 of the Rule, \$50 per ~~calendar~~ day per insider per issuer (subject to a maximum of \$1,000 per issuer within any one year beginning on April 1st and ending on March 31st). ~~The late fee does not apply to an insider if~~ ~~(a) — the head office of the issuer is located outside Ontario, and~~ ~~the insider is required to pay a late fee for the filing in a jurisdiction in Canada other than Ontario.~~

FORM 13-502F1
CLASS 1 AND CLASS 3B REPORTING ISSUERS – PARTICIPATION FEE

MANAGEMENT CERTIFICATION

I, _____, an officer of the reporting issuer noted below have examined this Form 13-502F1 (the **Form**) being submitted hereunder to the Ontario Securities Commission and certify that to my knowledge, having exercised reasonable diligence, the information provided in the Form is complete and accurate.

(s) _____
 Name: _____
 Title: _____

_____ Date: _____

Reporting Issuer Name: _____

End date of previous financial year: _____

Type of Reporting Issuer: ☐ Class 1 reporting issuer ☐ Class 3B reporting issuer

Highest Trading Marketplace: _____
 (refer to the definition of "highest trading marketplace" under OSC Rule 13-502 Fees)

Market value of listed or quoted equity securities:
 (in Canadian Dollars - refer to section 7.1 of OSC Rule 13-502 Fees)

Equity Symbol _____

1st Specified Quarterly Trading Period (dd/mm/yy)
 (refer to the definition of "~~specified trading quarterly~~ period" under OSC Rule 13-502 Fees)

_____ to _____

Closing price of the security in the class or series on the last trading day of the ~~specified trading quarterly~~ period in which such security was listed or quoted on the highest trading marketplace

\$ _____ (i)

Number of securities in the class or series of such security outstanding at the end of the last trading day of the ~~specified trading quarterly~~ period

_____ (ii)

Market value of class or series

(i) x (ii) \$ _____ (A)

_____ to _____

Closing price of the security in the class or series on the last trading day of the ~~specified trading quarterly~~ period in which such security was listed or quoted on the highest trading marketplace

\$ _____ (iii)

Number of securities in the class or series of such security outstanding at the end of the last trading day of the ~~specified trading quarterly~~ period

_____ (iv)

Market value of class or series

(iii) x (iv) \$ _____ (B)

_____ to _____

3rd Specified Trading Quarterly Period (dd/mm/yy)
 (refer to the definition of "~~specified trading quarterly~~ period" under OSC Rule 13-502 Fees)

Closing price of the security in the class or series on the last trading day of the ~~specified trading quarterly~~ period in which such security was listed or quoted on the highest trading marketplace

\$ _____ (v)

Number of securities in the class or series of such security outstanding at the end of the last trading day of the ~~specified trading~~ quarterly period

_____ (vi)

Market value of class or series

(v) x (vi)

\$ _____ (C)

4th Specified Trading Quarterly Period (dd/mm/yy)

(refer to the definition of "~~specified trading~~ quarterly period" under OSC Rule 13-502 Fees)

_____ to _____

Closing price of the security in the class or series on the last trading day of the ~~specified trading~~ quarterly period in which such security was listed or quoted on the highest trading marketplace

_____ (vii)

Number of securities in the class or series of such security outstanding at the end of the last trading day of the ~~specified trading~~ quarterly period

_____ (viii)

Market value of class or series

(vii) x (viii)

\$ _____ (D)

5th Specified Trading Period (dd/mm/yy)

(if applicable—refer to the definition of "~~specified trading period~~" under OSC Rule 13-502 Fees)

_____ to _____

~~Closing price of the security in the class or series on the last trading day of the specified trading period in which such security was listed or quoted on the highest trading marketplace~~

\$ _____ (ix)

~~Number of securities in the class or series of such security outstanding at the end of the last trading day of the specified trading period~~

_____ (x)

~~Market value of class or series~~

(ix) x (x)

\$ _____ (E)

Average Market Value of Class or Series

(Calculate the simple average of the market value of the class or series of security for each applicable ~~specified quarterly trading~~ period (i.e. A through ~~E~~ D above))

\$ _____ (1)

(Repeat the above calculation for each other class or series of equity securities of the reporting issuer (and a subsidiary pursuant to paragraph 2.8(1)(~~be~~) of OSC Rule 13-502 Fees, if applicable) that was listed or quoted on a marketplace at the end of the last trading day of each quarterly period in the previous financial year of the reporting issuer. ~~at the end of the previous financial year~~)

Fair value of outstanding debt securities:

(See paragraph 2.8(1)(~~cb~~), and if applicable, paragraphs 2.8(1)(~~ed~~) and (e) of OSC Rule 13-502 Fees)

\$ _____ (2)

(Provide details of how value was determined)

Capitalization for the previous financial year

(1) + (2)

\$ _____

Participation Fee

(For Class 1 reporting issuers, from Appendix A of OSC Rule 13-502 Fees, select the participation fee)

\$ _____

(For Class 3B reporting issuers, from Appendix A.1 of OSC Rule 13-502 Fees, select the participation fee)

Late Fee, if applicable

(As determined under section 2.7 of OSC Rule 13-502 Fees)

\$ _____

Total Fee Payable

(Participation Fee plus Late Fee)

\$ _____

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

MANAGEMENT CERTIFICATION

I, _____, an officer of the reporting issuer noted below have examined this Form 13-502F2 (the **Form**) being submitted hereunder to the Ontario Securities Commission and certify that to my knowledge, having exercised reasonable diligence, the information provided in the Form is complete and accurate.

(s) _____
 Name: _____
 Title: _____

_____ Date: _____

Reporting Issuer Name: _____

End date of previous financial year: _____

Financial Statement Values:

(Use stated values from the audited financial statements of the reporting issuer as of the end of its previous financial 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 previous financial year
(Add items (A) through (H)) \$ _____

Participation Fee
 (From Appendix A of OSC Rule 13-502 Fees, select the participation fee beside the capitalization calculated above) \$ _____

Late Fee, if applicable
 (As determined under section 2.7 of OSC Rule 13-502 Fees) \$ _____

Total Fee Payable
 (Participation Fee plus Late Fee) \$ _____

FORM 13-502F2A
ADJUSTMENT OF FEE PAYMENT FOR CLASS 2 REPORTING ISSUERS

MANAGEMENT CERTIFICATION

I, _____, an officer of the reporting issuer noted below have examined this Form 13-502F2A (the **Form**) being submitted hereunder to the Ontario Securities Commission and certify that to my knowledge, having exercised reasonable diligence, the information provided in the Form is complete and accurate.

(s) _____
 Name: _____ Date: _____
 Title: _____

Reporting Issuer Name: _____

**Financial year end date used
 to calculate capitalization:** _____

State the amount of participation fee paid under subsection 2.2(1) of OSC Rule 13-502 Fees: \$ _____ (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 OSC Rule 13-502 Fees, select the participation fee beside the capitalization calculated above) \$ _____ (ii)

Refund due (Balance owing)

(Indicate the difference between (i) and (ii) and enter nil if no difference)
 (i) — (ii) = \$ _____

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

MANAGEMENT CERTIFICATION

I, _____, an officer of the reporting issuer noted below have examined this Form 13-502F3A (the **Form**) being submitted hereunder to the Ontario Securities Commission and certify that to my knowledge, having exercised reasonable diligence, the information provided in the Form is complete and accurate.

(s) _____
 Name: _____
 Title: _____

_____ Date: _____

Reporting Issuer Name: _____

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

Financial year end date: _____

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

☐	(a)	had no securities listed or quoted on any marketplace at the end of its previous financial year, or
☐	(b)	had securities listed or quoted on a marketplace at the end of its previous financial year and all of the following apply: (i) at the end of its previous financial year, securities registered in the names of persons or companies resident in Ontario represented less than 1% of the market value of all of the reporting issuer's outstanding securities for which it or its transfer agent or registrar maintains a list of registered owners; (ii) the reporting issuer reasonably believes that, at the end of its previous financial year, securities beneficially owned by persons or companies resident in Ontario represented less than 1% of the market value of all its outstanding securities; (iii) the reporting issuer reasonably believes that none of its securities traded on a marketplace in Canada during its previous financial year; (iv) the reporting issuer 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 subsidiaries, or (B) to a person or company exercising a right previously granted by the reporting issuer or its affiliate to convert or exchange its previously issued securities without payment of any additional consideration;

Participation Fee

(From subsection 2.2(2) of OSC Rule 13-502 Fees)

\$1,070

Late Fee, if applicable

(As determined under section 2.7 of OSC Rule 13-502 Fees)

\$ _____

Total Fee Payable

(Participation Fee plus Late Fee)

\$ _____

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~~ by November 1 each year, as required by section 3.1 ~~or 3.2~~ of OSC Rule 13-502 Fees (the Rule), except in the case where firms register after ~~December~~ November 1 in a ~~calendar~~ year or provide notification after ~~December~~ November 1 in a ~~calendar~~ year of their status as an unregistered capital markets participant. In these exceptional cases, this form must be filed within 60 days of registration or notification after ~~December~~ November -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 unregistered capital markets participants.
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 ~~4~~ 5(a) of this form and MFDA members must complete Part ~~4~~ 5(b). Unregistered capital markets participants and registrant firms that are not IIROC or MFDA members must complete Part ~~4~~ 5(c).
5. IIROC Members may refer to Statement E ~~of the Joint Regulatory Financial Questionnaire and Report~~ IIROC Form 1 for guidance.
6. MFDA members may refer to Statement D of the MFDA ~~Financial Questionnaire and Report for guidance~~ Form 1 (IFRS).
7. If a firm's permanent establishments are situated only in Ontario, all of the firm's total revenue for the ~~previous~~ designated financial year is attributed to Ontario. If permanent establishments are situated in Ontario and elsewhere, the percentage attributed to Ontario for a ~~previous~~ designated financial 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 financial 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.
8. All figures must be expressed in Canadian dollars. ~~All figures other than the participation fee must be rounded to the nearest thousand.~~
9. Information reported on this form must be certified by an individual specified in section 3.3 of ~~this~~ the Rule -to attest to its completeness and accuracy.
10. If the firm has no "designated financial year" as defined in section 1.1 of the Rule, do not complete Part 5 of this form.

Certification

I, _____, of the registrant firm / unregistered capital markets participant noted below have examined this Form 13-502F4 (the **Form**) being submitted hereunder to the Ontario Securities Commission and certify that to my knowledge, having exercised reasonable diligence, the information provided in the Form is complete and accurate.

(s) _____
 Name: _____
 Title: _____

_____ Date: _____

PART 1: Firm Information

Firm NRD number: _____

Firm legal name: _____

PART 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: _____

PART 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 Regulatory Organization of Canada (IIROC).

For a firm that does not hold membership with the MFDA or IIROC:

- ☐ The firm is an unregistered investment fund manager only
☐ All other firms

PART 4: Financial Information

~~Is the firm providing a good faith estimate under section 3.2 of the Rule?~~

~~☐ Yes ☐ No (one selection)~~

Does the firm have a designated financial year? ☐ Yes ☐ No (one selection)

~~If no, e~~ If yes, e ~~nd date of previous financial year~~ nd date of designated financial year: _____ / _____ / _____
 yyyy mm dd

~~If yes, end date of financial year for which the good faith estimate is provided:~~ _____ / _____ / _____
 yyyy mm dd

PART 5: Participation Fee Calculation

~~Previous financial year~~
~~Note: Dollar amounts stated in~~
~~thousands, rounded to the nearest~~
~~thousand.~~

Part 5(a): ~~Part I~~ IIROC Members

1. Total revenue for ~~previous financial year~~ designated financial year from Statement E
 of the ~~Joint Regulatory Financial Questionnaire and Report~~ IIROC Form 1 \$ _____

Figure 1 shows a 1D lattice with N sites. The sites are arranged in a horizontal line, with the leftmost site labeled '1' and the rightmost site labeled 'N'. A blue bar is positioned above the first three sites, and a red bar is positioned above the last three sites. The central sites are labeled 'i' and 'j'.

- _____

Request for Comments

Less the following items ~~in respect of~~ for the designated financial year:

2. Gross R 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 unregistered exempt international firms (note 4)

\$

6. Trailer fees paid to registrant firms or unregistered exempt international firms (note 5)

\$

~~6-7.~~ Total deductions (sum of lines 2 to 6)

\$

Calculation:

8. Revenue subject to participation fee (line 1 less line 7)

\$

9. Ontario percentage for ~~previous financial year~~ designated financial 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~~ from line 10)

\$

FORM 13-502F5
ADJUSTMENT OF FEE FOR REGISTRANT FIRMS AND UNREGISTERED
CAPITAL MARKETS PARTICIPANTS

Firm name: _____

End date of previous completed financial year: _____

Note: Paragraph 3.2(2)(c) of OSC Rule 13-502 Fees (the Rule) requires that this form must be filed concurrent with a completed Form 13-502F4 that shows the firm's actual participation fee calculation.

- | | | |
|----|--|-------------|
| 1. | ~~Estimated participation fee paid under section 3.2 of the Rule:~~ | \$
_____ |
| 2. | ~~Actual participation fee calculated under paragraph 3.2(2)(b) of the Rule:~~ | \$
_____ |
| 3. | <del>Refund due (Balance owing):
(Indicate the difference between lines 1 and 2)</del> | \$
_____ |

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

MANAGEMENT CERTIFICATION

I, _____, an officer of the subsidiary noted below have examined this Form 13-502F6 (the **Form**) being submitted hereunder to the Ontario Securities Commission and certify that to my knowledge, having exercised reasonable diligence, the information provided in the Form is complete and accurate.

(s) _____

Name: _____

Date: _____

Title: _____

Name of Subsidiary: _____

Name of Parent: _____

End Date of Subsidiary's Previous Financial Year: _____

The reporting issuer (subsidiary) meets the following criteria set out under subsection 2.4(1) of OSC Rule 13-502 Fees:

- (a) [at the end of the subsidiary's previous financial year, an issuer that was a Class 1 or Class 2 reporting issuer was the parent of the subsidiary;](#)
- (b) [the audited financial statements of the parent prepared in accordance with NI 52-107 require the consolidation of the parent and the subsidiary;](#)
- (c) [to the extent required by section 2.8 or 2.9, the capitalization of the parent for its previous financial year included the capitalization of the subsidiary;](#)
- (d) [the parent paid its participation fee for its previous financial year, with reference to section 2.8 or 2.9;](#)
- (e) [in the subsidiary's previous financial year, the subsidiary was entitled to rely on an exemption or waiver from the requirements in subsections 4.1\(1\), 4.3\(1\), 5.1\(1\) or section 5.2 and section 6.1 of NI 51-102.](#)
- ~~(a) at the end of the subsidiary's previous financial year, a parent of the subsidiary was a reporting issuer;~~
- ~~(b) the audited financial statements of the parent prepared in accordance with NI 52-107 require the consolidation of the parent and the subsidiary;~~
- ~~(c) the parent has paid a participation fee under subsection 2.2(1) calculated based on the capitalization of the parent for its previous financial year;~~
- ~~(d) in the case of a parent that is a Class 1 reporting issuer, the capitalization of the parent for its previous financial year included the capitalization of the subsidiary as required under paragraph 2.8(1)(c);~~
- ~~(e) in its previous financial year,~~
 - ~~(i) the net assets and total revenues of the subsidiary represented more than 90% of the consolidated net assets and total revenues of the parent for the parent's previous financial year, or~~
 - ~~(ii) the subsidiary was entitled to rely on an exemption or waiver 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.~~

If paragraph e(i) above applies, complete the following table:

	~~Net Assets for previous financial year~~	~~Total Revenues for previous financial year~~	
Reporting Issuer (Subsidiary)	~~\$ _____~~	~~\$ _____~~	~~(A)~~
Reporting Issuer (Parent)	~~\$ _____~~	~~\$ _____~~	~~(B)~~
Percentage (A/B)	~~_____ %~~	~~_____ %~~	

FORM 13-502F7
SPECIFIED REGULATED ENTITIES – PARTICIPATION FEE

Name of Specified Regulated Entity: _____

Applicable ~~Calendar~~ Year: _____ (20~~23~~¹⁴ or later)

Type of Specified Regulated Entity: (check one)

- ☐ Recognized exchange or recognized quotation and trade reporting system (complete (1) below)
- ☐ Alternative trading system (complete (2) ~~-(2.1)~~ or (3) below, as applicable)
- ☐ Recognized clearing agency (complete (4) below)
- ☐ Exempt exchange, Exempt clearing agency or Designated Trade Repository (complete (5) below, as applicable)

(1) Participation Fee for applicable ~~calendar~~ year -- Recognized exchange or recognized quotation and trade reporting system

Filer should enter their Canadian trading share for the specified period 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	
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:	\$
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 for exchange-traded securities, if not exempted by the Commission from the application of section 6.1 of NI 21-101.

Line 6: If operating an alternative trading system for exchange-traded securities, enter participation fee based on your Canadian trading share (Line 5)	\$
Line 7: Enter amount of capital markets participation fee paid ~~based on Form 13-502F4 on December 31 of~~ <u>in</u> the prior year	\$
Line 8: Subtract Line 7 from Line 6. If positive, enter the lesser of this amount and \$17,000. If zero or negative, there is no Part 4 fee payable and there is a refund due to you of the amount determined	\$

(2.1) Participation fee for alternative trading system that is exempted by the Commission from the application of section 6.1 of NI 21-102

<u>Line 8.1: Enter \$2,500</u>	<u>\$</u>
--------------------------------	-----------

(3) Participation fee for applicable ~~calendar~~-year – other alternative trading system

Line 9: If operating as an alternative trading system that is not for exchange-traded securities, enter \$30,000	\$
Line 10: Enter amount of capital markets participation fee ~~based on Form 13-502F4 on December 31 of~~ <u>paid in</u> the prior year	\$
Line 11: Subtract Line 10 from Line 9. If positive, enter (a) The lesser of this amount and \$8,750 if trading in debt or securities trading (b) The lesser of this amount and \$17,000 if you are a trading system other than that described in Line 6 or (a) above. If zero or negative, there is no Part 4 participation fee payable and there is a refund due to you.	\$

(4) 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 12: Matching services, being the provision of facilities for comparing data respecting the terms of settlement of a trade or transaction. Enter \$10,000	\$
Line 13: 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 14: Settlement services, being services that ensure that securities are transferred finally and irrevocably from one participant to another in	\$

Services:	Fee Payable
exchange for a corresponding transfer of money and/or <i>vice versa</i> . Enter \$20,000.	
Line 15: 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 16: 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 17: Depositary services, being the provision of centralized facilities as a depositary for securities. Enter \$20,000.	\$
Line 18: Total Participation Fee Payable (Sum of Lines 12-17):	\$

(5) Participation Fee for applicable ~~calendar~~ year for other types of specified regulated entities:

Line 19: Filer is required to pay the amount below, as applicable. (a) If operating as an ~~Exempt Exchange or~~ Exempt Clearing Agency <u>that has at least one clearing member resident in Ontario, or as Exempt Exchange,</u> enter \$10,000 <u>(a.1) If operating as Exempt Clearing Agency with at least one customer (as defined in NI 94-102) resident in Ontario that does not have a clearing member resident in Ontario, enter \$7,500.</u> (b) If operating as a Designated Trade Repository, enter \$30,000	\$
--	----

(6) Prorated Participation Fee:

Line 20: If this is the first time paying a participation fee as a specified regulated entity, prorate the amount under subsection 4.6(1) of the Rule.	\$
--	----

(7) Late Fee

Line 21: Unpaid portion of Participation Fee from Sections (1), (2), (3), (4), (5), (6)	\$
Line 22: Number of Business Days Late <u>before April 6, 2023 plus the Number of Days Late after April 5, 2023</u>	\$
Line 23: Fee Payable is as follows: Amount from Line 21*[Amount from Line 22*0.1%]	\$

(8) Total Fee Payable

Line 24: Aggregate Participant Fee from Sections (1), (2), (2.1) , (3), (4), (5), (6)	\$
Line 25: Late Fee from Line 23	\$
Line 26: Fee Payable is amount from Line 24 plus amount from Line 25	\$

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

MANAGEMENT CERTIFICATION

I, _____, an officer of the designated credit rating organization noted below have examined this Form 13-502F8 (the **Form**) being submitted hereunder to the Ontario Securities Commission and certify that to my knowledge, having exercised reasonable diligence, the information provided in the Form is complete and accurate.

Signature: _____

Date: _____

Title: _____

Name of Designated Credit Rating Organization:

Financial year end date:

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

(From subsection 5.1(1) of OSC Rule 13-502 *Fees*)

Late Fee, if applicable

\$ _____

(From Section 5.2 of OSC Rule 13-502 *Fees*)

Total Fee Payable

\$ _____

(Participation Fee plus Late Fee)

FORM 13-502F9
FORM ACCOMPANYING PAYMENT OF DERIVATIVES PARTICIPATION FEE

<u>Derivatives Fee Year to which fee relates</u>	July 1, _____ to June 30, _____
<u>Name of Payer</u>	_____
<u>Legal Entity Identifier of the Payer for the purposes of OSC Rule 91-507</u>	_____
<u>Average Daily Notional Amount Outstanding during the year</u> (determined in accordance with subsection 5A.2(3) of OSC Rule 13-502 Fees)	_____
<u>Participation Fee</u>	_____
<u>Late Fee, if applicable</u> (determined under section 5A.3 of OSC Rule 13-502 Fees)	_____
<u>Total Fee Payable</u> (Participation Fee plus Late Fee)	_____

ANNEX C

This document is a clean version of proposed changes to the Companion Policy to Ontario Securities Commission Rule 13-502. Because of the extent of the proposed changes, it is proposed that the entire Companion Policy be replaced as of April 3, 2023, which would result in further changes to the numbering of the document. Due to the proposed elimination of various sections, the present document contains numbering gaps which will be addressed if the entire Companion Policy is replaced.

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

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

PART 1 — PURPOSE OF COMPANION POLICY

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

PART 2 — PURPOSE AND GENERAL APPROACH OF THE RULE

2.1 Purpose and general approach of the Rule

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

2.2 Participation fees

- (1) Reporting issuers, registrant firms and unregistered capital markets participants, as well as specified regulated entities and designated rating organizations, are generally required to pay participation fees annually. Participation fees must also be paid on an annual basis by certain participants in the derivatives market.
- (2) Participation fees are designed to cover the Commission’s costs not easily attributable to specific regulatory activities. The participation fee required of a person or company under Parts 2 and 3 of the Rule is based on a measure of the person’s or company’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 generally based on the firm’s revenues attributable to its capital markets activity in Ontario.
- (3) Participation fees under Part 4 of the Rule are generally fixed annual amounts payable each year. In the case of specified regulated entities to which Part 4 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.
- (4) Participation fees for designated rating organizations under Part 5 of the Rule are \$15,000 per financial year.
- (4.1) Participation fees in respect of derivative transactions are based on the fee payer’s notional amounts reported under Ontario Securities Commission Rule 91-507 *Trade Repositories and Derivatives Data Reporting*.
- (5) A person or company may be subject to participation fees under more than one part of the Rule. There is no cap on multiple participation fees except as described in subsection 2.7(2) (below).

- 2.3 Application of participation fees** – Although participation fees are generally determined with reference to information from a financial year of the payor generally ending before the time of their payment, 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. 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 2.1 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) Dealers and advisers registered under the Commodity Futures Act may be 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 Refunds

- (2) A refund mechanism is provided under subsection 4.3(4) of the Rule. This subsection deals with a refund mechanism used to effect a cap of Part 3 and Part 4 participation fees for alternative trading systems, in an attempt to align the participation fees to those charged to other specified regulated entities.
- (3) Generally, a person or company that pays a fee under the Rule is not entitled to a refund of that fee unless they meet the conditions discussed in subsection (2) above. 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 financial year in respect of which the fee was paid.
- (4) While the Commission will also review requests for adjustments to fees paid in the case of incorrect calculations, unless there are exceptional circumstances, we will not generally issue a refund if a request is made more than 90 days after the fee was required to be paid. Filers should contact OSC staff with regard to the mechanics of how to deliver such a request.
- (5) Filers are expected to file correct information in a form. Correct information is important not only to reflect the filer's particular circumstances but also for more general data collection and analysis by the Commission. If a filer becomes aware that information in a previously filed form is incorrect, the filer should contact OSC staff about addressing the incorrect information on a timely basis (whether or not the correction would result in the determination of a different fee amount).

2.8 Indirect avoidance of Rule – The Commission may examine arrangements or structures implemented by a person or company 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 review circumstances in which revenues from registrable activities carried on by a corporate group are not treated as revenues of a registrant firm to assess whether the firm has artificially reduced the firm's specified Ontario revenues and, consequently, its participation fee. Similarly, registrant firms or unregistered capital markets participants that operate under a cost recovery model in which there are no recorded revenues on their financial statements would be expected to report a reasonable proxy of the firm's capital markets activities in Ontario, subject to the conditions of any exemptive relief granted under section 8.1 of the Rule. In all cases, the Commission expects registrant firms and unregistered capital markets participants to pay participation fees based on all revenues attributable to capital markets activities in Ontario, irrespective of how these revenues are recorded or structured.

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 2.7 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 2.4 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 subsection 2.2(1) of the Rule determined with reference to the parent's capitalization for the parent's financial year. This condition to the exemption is only available if the parent was a Class 1 or Class 2 reporting issuer.
- 3.4 Determination of market value**
 - (1) Paragraph 2.8(1)(a) of the Rule requires the calculation of the capitalization of a reporting issuer to include the total market value of all of its equity securities listed or quoted on a marketplace. This includes, but is not limited to, any listed shares, warrants, subscription receipts and rights.
 - (2) Paragraph 2.8(1)(b) of the Rule requires the calculation of the capitalization of a reporting issuer to include the total fair value of its debt securities that are listed or quoted on a marketplace, trade over the counter or otherwise generally available for sale even if there is a statutory hold period. This paragraph is intended to include all

capital market debt issued by the reporting issuer, whether distributed under a prospectus or prospectus exemption, and includes, but is not limited to, bonds, debentures (including the equity portion of convertible debentures), commercial paper, notes and any debt securities to which a credit rating is attached, but is not intended to include bank debt (such as term loans and revolving credit facilities) and mortgages.

- (2.1) Paragraph 2.8(1)(c) of the Rule requires the calculation of the capital of a reporting issuer to include the fair value of the outstanding debt securities at the end of the previous financial year for subsidiaries that are not reporting issuers, subject to the limit imposed in that paragraph. There is a similar rule in paragraph 2.8(1)(d) for specified subsidiaries that are reporting issuers.
- (3) 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 – (1) Capital markets participation fees are payable annually by registrant firms and unregistered capital markets participants, as defined in section 1.1 of the Rule.

- (2) For registrants filing Form 13-502F4s for a year, the capital participation fee is based on their audited financial statements for the “designated financial year”, as defined in subsection 1.1(1) of the Rule.
- (3) For unregistered capital market participants filing their 13-502F4s, the fees are based on their most recent available financial statements for the “designated financial year”. These financial statements may be audited. If an unregistered capital market participant's financial statements are not ordinarily audited, unaudited financial statements may be used.

4.3 Late fees – Section 3.4 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).

4.4 Form of payment of fees – Registrant firms pay through the National Registration Database. The filings and payments for unregistered capital markets participants should be sent via wire transfer to the Ontario Securities Commission .

4.5 “Capital markets activities”

- (1) A person or company must consider its capital markets activities when calculating its participation fee. 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 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.

4.6 Permitted deductions – Subsection 3.6(2) 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.

4.7 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 — PARTICIPATION FEES PAYABLE BY SPECIFIED REGULATED ENTITIES AND DESIGNATED CREDIT RATING ORGANIZATIONS

5.1 General – Participation fees are also payable annually by specified regulated entities and designated credit rating organizations under Parts 4 and 5 of the Rule.

5.2 Specified regulated entities – The calculation of participation fees under Part 4 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.

- (a) To provide more equitable treatment among exchanges and alternative trading systems (ATS) 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 section 4.3.

For example, assume that participation fees under Part 3 for an eligible ATS payable on December 31, 2021 is \$74,000 and the ATS's Canadian trading share is under 5%. The ATS pays its participation fee of \$74,000 on December 31. Before April 30, 2022 when filing Form 13-502F7, the fee payable will be shown as \$17,000 (the lesser of (a) \$30,000 from row A1 of Appendix B.1 and (b) \$17,000). In this case, the ATS will be entitled to a refund of \$57,000 (\$74,000 paid on December 31 less \$17,000 required to be paid under Part 4). A mechanism that is similar in principle applies to other ATS entities under subsections 4.2(2) and (3).

An ATS described in subsection 4.3(6) will pay an aggregate participation fee calculated based on the type of securities traded on each of its platforms. For example, an ATS that has a platform for trading equities and another one for trading fixed income securities would pay a participation fee for its equity platform calculated as described above and a participation fee for its fixed income platform as described in Appendix B.1 row C2.

- (b) If a specified regulated entity is recognized during the specified period, it must pay to the Commission, immediately upon recognition, designation etc., a participation fee for the remaining specified period. The participation fee owed to the Commission will be pro-rated based on the number of remaining complete months to March 31 subsequent to it being recognized, designated, etc. For example, if an exchange was recognized on January 15, 2022, it will owe to the Commission a pro-rated participation fee in the amount of \$5,000 for the two complete months remaining until March 31 (calculated as \$30,000 x 2/12). A Form 13-502F7 must be filed with the pro-rated payment.

Continuing with the example above, the recognized exchange will also need to calculate the participation fee due before April 30, 2022 and file a second Form 13-502F7 with this payment. For the purpose of calculating its Canadian trading share, the exchange should use the actual Canadian trading share for the months of February and March 2022 and zero for the months before it received recognition (i.e. April 2021 to January 2022).

PART 5A — PARTICIPATION FEE FOR DERIVATIVES

5A.1 General – A participation fee may be payable for each derivatives fee year by a person or company who is, with respect to any transaction in the derivatives fee year, a reporting counterparty (as defined in OSC Rule 91-507 *Trade Repositories and Derivatives Data Reporting*). However, if the person or company is a recognized clearing agency or is exempt from such recognition, the person or company is exempt from the payment of the fee.

5A.2 Average notional amount – The required amount of the participation fee for a derivatives fee year is determined with reference to outstanding cumulative notional amounts reported in the Canadian dollar or a foreign currency. For example, using the simplified assumption reflected in the table below that there are only five days in a derivatives fee year and the notional amounts remain outstanding in the derivatives fee year, the average notional amount for the derivatives fee year

in the circumstances described would be \$155 billion and, with reference to Appendix B.2, the participation fee for the derivatives fee year would be \$100,000.

Day	Notional amount of transactions reported on day	Cumulative amount
1	\$100 billion	\$100 billion
2	Nil	\$100 billion
3	\$50 billion	\$150 billion
4	Nil	\$150 billion
5	\$125 billion	\$275 billion
AVERAGE CUMULATIVE NOTIONAL AMOUNT		\$155 billion = (100+100+150+150+275)/5

The amount of the participation fee is determined with reference to all transactions that are reportable under OSC Rule 91-507 and to which the fee payer is a counterparty. This calculation includes all transactions, both cleared and uncleared, to which the fee payer is a counterparty, regardless of which counterparty reported a transaction. For example, notional amounts under cleared transactions for which a recognized or exempt clearing agency is the reporting counterparty under OSC Rule 91-507 are included in determining the fee payer's participation fee.

5A.3 Foreign currency – The participation fee is only payable in connection with notional amounts reported in a currency. With regard to non-Canadian dollar reporting, the Canadian dollar equivalent is calculated using the applicable daily exchange rate on the last business day of the derivatives fee year, as posted on the Bank of Canada website.

5A.4 Time of payment and late fee – Payments of derivatives participation fees must be made to the Ontario Securities Commission not more than 60 days after the end of the derivatives fee year and be accompanied by Form 13-502F9. For example, the fee in respect of the derivatives fee year beginning on July 1, 2022 and ending on June 30, 2023 would be payable by August 29, 2023. If the fee payer is late in paying the fee, an additional fee of 0.1% of the outstanding amount is charged for each business day.

PART 6 — ACTIVITY FEES

6.1 Technical reports – Item A2 of Appendix C requires fee payment of \$2,500 for the filing of each technical report for which an activity fee has not previously been paid. This includes where a technical report is incorporated by reference into a prospectus. Staff consider that a technical report is incorporated by reference into a prospectus even if the incorporation is indirect; for example, the technical report is referenced in an annual information form that itself is incorporated in the prospectus.

6.2 Concurrent application by permitted individual – Item K4 of Appendix C imposes a fee of \$100 for an individual seeking approval as a permitted individual. Item K5 imposes a fee of \$200 for an individual changing his or her status to a representative of a registrant firm. If an individual makes a concurrent application for approval as a permitted individual and as a representative of a registrant firm, staff would expect a fee of \$200 in the aggregate.

6.3 Affiliates – Subsection 6.2.1(1) of the Rule provides for only one activity fee to be paid for an application, in respect of a joint activity, made jointly by applicants affiliated with each other. Subsection 6.2.1(2) ensures that this measure applies to affiliates jointly applying for exemptive relief.

6.4 Investment fund families – Section 6.3 of the Rule provides for only one activity fee to be paid for an application made by or on behalf of two or more investment funds in the same investment fund family.

6.5 Withdrawal of application or refiling of prospectus – Generally, where an activity fee has been paid by a person who then abandons the matter or withdraws the application, a new activity fee would be payable if the person resurrects the application or updates the application for material changes that have occurred. Likewise, if a prospectus is withdrawn and then refiled, there is no waiver of the prospectus fee.

PART 7 — FEES FOR LATE FILING OR DELIVERY

7A Late fees under Part 7A of the Rule for registrant firms – Appendix D to the Rule outlines additional fees payable by registrant firms for the late filing or delivery of certain forms or documents required under the Act. The Commission may consider the late filing or delivery of forms or documents when assessing the ongoing suitability for registration of a registrant firm.

- 7A.2 Late fee for covered documents – after April 2, 2023** – Late fees for covered documents, as defined in section 7A.1 of the Rule, that are incurred after April 2, 2023 are calculated in accordance with sections 7A.2 and 7A.3. The late fee is \$100 per day, subject to an annual cap for all covered documents submitted in a year of \$5,000. The annual cap is increased to \$10,000 for a person or company that has specified Ontario revenues greater than or equal to \$500 million.
- 7A.3 Affiliated investment funds and registrants** – Subsections 7A.3(3) and (4) apply when multiple affiliated investment funds or registrants fail to file the same type of covered documents due by the same date. In this case, payments attributable to a year made by anyone in the group count as payments made by everyone in the group. This means that the group will be liable to a maximum liability per year equal to the \$5,000 or \$10,000 annual cap.
- 7A.7 Transition – Certain forms and documents required to be filed or delivered before April 3, 2023** – Late fees for forms and documents listed in Row A or B of Appendix D as the Rule read on April 2, 2023 were calculated based on the number of business days that the form or document was late. Section 7A.7 provides that late fees incurred prior to April 3, 2023 will continue to be charged on this basis. Late fees incurred after that date are charged based on calendar days in accordance with sections 7A.2 and 7A.3.

ANNEX D

This document is a blackline version of proposed changes to the Companion Policy to Ontario Securities Commission Rule 13-502.

ONTARIO SECURITIES COMMISSION
COMPANION POLICY 13-502CP FEES

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ONTARIO SECURITIES COMMISSION
COMPANION POLICY 13-502CP FEES

PART 1 – PURPOSE OF COMPANION POLICY

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

PART 2 – PURPOSE AND GENERAL APPROACH OF THE RULE

2.1 Purpose and general approach of the Rule

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

2.2 Participation fees

- (1) Reporting issuers, registrant firms and unregistered capital markets participants, as well as specified regulated entities and designated rating organizations, are generally required to pay participation fees annually. Participation fees must also be paid on an annual basis by certain participants in the derivatives market.
- (2) Participation fees are designed to cover the Commission’s costs not easily attributable to specific regulatory activities. The participation fee required of a person or company under Parts 2 and 3 of the Rule is based on a measure of the person’s or company’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 generally based on the firm’s revenues attributable to its capital markets activity in Ontario.
- (3) Participation fees under Part 4 of the Rule are generally fixed annual amounts payable each ~~calendar~~ year. In the case of specified regulated entities to which Part 4 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.
- (4) Participation fees for designated rating organizations under Part 5 of the Rule are \$15,000 per financial year.
(4.1) Participation fees in respect of derivative transactions are based on the fee payer’s notional amounts reported under Ontario Securities Commission Rule 91-507 Trade Repositories and Derivatives Data Reporting.
- (5) A person or company may be subject to participation fees under more than one part of the Rule. There is no cap on multiple participation fees except as described in subsection 2.7(2) (below).

2.3 Application of participation fees – Although participation fees are generally determined with reference to information from a financial year of the payor generally ending before the time of their payment, 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. 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 –

- ~~(1) —~~ 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) —~~ Under certain circumstances, Staff may consider reducing activity fees for applications made by or on behalf of two or more reporting issuers that are affiliates of each other, and who are applying for the same exemptive relief. In such circumstances, the activity fees will be reduced such that the activity fees paid on an application will be the same as if one reporting issuer filed the application.

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 2.1 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 d~~Dealers and advisers registered under the *Commodity Futures Act* ~~may be~~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. ~~However, in limited cases duplicative fees under the Commodity Futures Act can be avoided in accordance with Rows F1, F2 and F4 of Appendix B of OSC Rule 13-503 (Commodity Futures Act) Fees.~~

2.7 Refunds

- ~~(1) The Rule provides the specific circumstances where the Commission is required to refund fees in subsections 2.5(3) and 3.2(3) of the Rule. These subsections allow for a refund where a reporting issuer, registrant firm or unregistered capital markets participant overpaid an estimated participation fee provided the request is made within the time the related form was required to be filed.~~

- (2) A further refund mechanism is provided under subsection 4.3(4) of the Rule. This subsection deals with a refund mechanism used to effect a cap of Part 3 and Part 4 participation fees for alternative trading systems, in an attempt to align the participation fees to those charged to other specified regulated entities.

(3) Generally, a person or company that pays a fee under the Rule is not entitled to a refund of that fee unless they meet the conditions ~~set out in the Rule and~~ discussed in subsections ~~(1) and~~ (2) above. 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 financial year in respect of which the fee was paid.

(4) While the Commission will also review requests for adjustments to fees paid in the case of incorrect calculations, unless there are exceptional circumstances, we will not generally issue a refund if a request is made more than 90 days after the fee was required to be paid. Filers should contact OSC staff with regard to the mechanics of how to deliver such a request.

(5) Filers are expected to file correct information in a form. Correct information is important not only to reflect the filer's particular circumstances but also for more general data collection and analysis by the Commission. If a filer becomes aware that information in a previously filed form is incorrect, the filer should contact OSC staff about addressing the incorrect information on a timely basis (whether or not the correction would result in the determination of a different fee amount).

- 2.8 **Indirect avoidance of Rule** – The Commission may examine arrangements or structures implemented by a person or company 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 review circumstances in which revenues from registrable activities carried on by a corporate group are not treated as revenues of a registrant firm to assess whether the firm has artificially reduced the firm's specified Ontario revenues and, consequently, its participation fee. Similarly, registrant firms or unregistered capital markets participants that operate under a cost recovery model in which there are no recorded revenues on their financial statements would be expected to report a reasonable proxy of the firm's capital markets activities in Ontario, subject to the conditions of any exemptive relief granted under section 8.1 of the Rule. In all cases, the Commission expects registrant firms and unregistered capital markets participants to pay participation fees based on all revenues attributable to capital markets activities in Ontario, irrespective of how these revenues are recorded or structured.

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 2.7 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 2.4 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 subsection 2.2(1) of the Rule determined with reference to the parent's capitalization for the parent's financial year. ~~For greater certainty, this condition to the exemption is only available if the parent was a Class 1 or Class 2 reporting issuer not satisfied in circumstances where the parent of a subsidiary entity has paid a participation fee in reliance on subsection 2.2(2) or (3) of the Rule.~~

3.4 Determination of market value

(1) Paragraph 2.8(1)(a) of the Rule requires the calculation of the capitalization of a reporting issuer to include the total market value of all of its equity securities listed or quoted on a marketplace. This includes, but is not limited to, any listed shares, warrants, subscription receipts and rights.

(2) Paragraph 2.8(1)(b) of the Rule requires the calculation of the capitalization of a reporting issuer to include the total fair value of its debt securities that are listed or quoted on a marketplace, trade over the counter or otherwise generally available for sale ~~without regard to even if there is~~ a statutory hold period. This paragraph is intended to include all capital market debt issued by the reporting issuer, whether distributed under a prospectus or prospectus exemption, and includes, but is not limited to, bonds, debentures (including the equity portion of convertible debentures), commercial paper, notes and any debt securities to which a credit rating is attached, but is not intended to include bank debt (such as term loans and revolving credit facilities) and mortgages.

(2.1) Paragraph 2.8(1)(c) of the Rule requires the calculation of the capital of a reporting issuer to include the fair value of the outstanding debt securities at the end of the previous financial year for subsidiaries that are not reporting issuers, subject to the limit imposed in that paragraph. There is a similar rule in paragraph 2.8(1)(d) for specified subsidiaries that are reporting issuers.

(3) 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 – (1) Capital markets participation fees are payable annually by registrant firms and unregistered capital markets participants, as defined in section 1.1 of the Rule.

(2) For registrants filing Form 13-502F4s for a year, the capital participation fee is based on their audited financial statements for the "designated financial year", as defined in subsection 1.1(1) of the Rule.

(3) For unregistered capital market participants filing their 13-502F4s, the fees are based on their most recent available financial statements for the "designated financial year". These financial statements may be audited. If an unregistered capital market participant's financial statements are not ordinarily audited, unaudited financial statements may be used.

~~**4.2 Filing forms under section 3.2 of the Rule** – If the estimated participation fee paid under subsection 3.2(1) of the Rule by a registrant firm or an unregistered capital markets participant does not differ from its true participation fee determined under paragraph 3.2(2)(b) of the Rule, the registrant firm or unregistered capital markets participant is not required to file either a Form 13-502F4 or a Form 13-502F5 under paragraph 3.2(2)(c) of the Rule.~~

4.3 Late fees – Section 3.4 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).

4.4 Form of payment of fees – Registrant firms pay through the National Registration Database. The filings and payments for unregistered capital markets participants should be sent via wire transfer ~~or sent~~ to the Ontario Securities Commission (~~Attention: Manager, Compliance and Registrant Regulation~~).

4.5 “Capital markets activities”

- (1) A person or company must consider its capital markets activities when calculating its participation fee. 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 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.

4.6 Permitted deductions – [Subsection 3.6\(2\)](#) 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.

4.7 ~~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 proactive, 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.~~

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

PART 5 – ~~OTHER~~ PARTICIPATION FEES [PAYABLE BY SPECIFIED REGULATED ENTITIES AND DESIGNATED CREDIT RATING ORGANIZATIONS](#)

5.1 General – Participation fees are also payable annually by specified regulated entities and designated credit rating organizations under Parts 4 and 5 of the Rule.

5.2 Specified regulated entities – The calculation of participation fees under Part 4 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.

[\(a\)](#) To provide more equitable treatment among exchanges and alternative trading systems (ATS) 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 section 4.3.

For example, assume that participation fees under Part 3 for an eligible ATS payable on December 31, 2021~~15~~ is \$74,000 and the ATS’s Canadian trading share is under 5%. ~~In this case, t~~The ATS ~~would pay~~ [its participation fee of \\$74,000 on December 31 when filing its Form 13-502F4](#). Before April 30, 2022~~16~~ when filing ~~f~~[Form 13-502F7](#), the fee payable will be shown as \$17,000 (the lesser of (a) \$30,000 from row A1 of Appendix B.1 and (b) \$17,000). In this case, the ATS will be entitled to a refund of \$57,000 (\$74,000 paid on December 31 less \$17,000 required to be paid under Part 4). A mechanism that is similar in principle applies to other ATS entities under subsections 4.2(2) and (3).

An ATS described in subsection 4.3(6) will pay an aggregate participation fee calculated based on the type of securities traded on each of its platforms. For example, an ATS that has a platform for trading equities and another one for trading fixed income securities would pay a participation fee for its equity platform calculated as described above and a participation fee for its fixed income platform as described in Appendix B.1 row C2.

(b) If a specified regulated entity is recognized during the specified period, it must pay to the Commission, immediately upon recognition, designation etc., a participation fee for the remaining specified period. The participation fee owed to the Commission will be pro-rated based on the number of remaining complete months to March 31 subsequent to it being recognized, designated, etc. For example, if an exchange was recognized on January 15, 2016, it will owe to the Commission a pro-rated participation fee in the amount of \$5,000 for the two complete months remaining until March 31 (calculated as $\$30,000 \times 2/12$). A Form 13-502F7 must be filed with the pro-rated payment.

Continuing with the example above, the recognized exchange will also need to calculate the participation fee due before April 30, 2016 and file a second Form 13-502F7 with this payment. For the purpose of calculating its Canadian trading share, the exchange should use the actual Canadian trading share for the months of February and March 2016 and zero for the months before it received recognition (i.e. April 2015 to January 2016).

PART 5A – PARTICIPATION FEE FOR DERIVATIVES

5A.1 General — A participation fee may be payable for each derivatives fee year by a person or company who is, with respect to any transaction in the derivatives fee year, a reporting counterparty (as defined in OSC Rule 91-507 *Trade Repositories and Derivatives Data Reporting*). However, if the person or company is a recognized clearing agency or is exempt from such recognition, the person or company is exempt from the payment of the fee.

5A.2 Average notional amount — The required amount of the participation fee for a derivatives fee year is determined with reference to outstanding cumulative notional amounts reported in the Canadian dollar or a foreign currency. For example, using the simplified assumption reflected in the table below that there are only five days in a derivatives fee year and the notional amounts remain outstanding in the derivatives fee year, the average notional amount for the derivatives fee year in the circumstances described would be \$155 billion and, with reference to Appendix B.2, the participation fee for the derivatives fee year would be \$100,000.

Day	Notional amount of transactions reported on day	Cumulative amount
1	\$100 billion	\$100 billion
2	Nil	\$100 billion
3	\$50 billion	\$150 billion
4	Nil	\$150 billion
5	\$125 billion	\$275 billion
AVERAGE CUMULATIVE NOTIONAL AMOUNT		$\$155 \text{ billion} = (100+100+150+150+275)/5$

The amount of the participation fee is determined with reference to all transactions that are reportable under OSC Rule 91-507 and to which the fee payer is a counterparty. This calculation includes all transactions, both cleared and uncleared, to which the fee payer is a counterparty, regardless of which counterparty reported a transaction. For example, notional amounts under cleared transactions for which a recognized or exempt clearing agency is the reporting counterparty under OSC Rule 91-507 are included in determining the fee payer's participation fee.

5A.3 Foreign currency — The participation fee is only payable in connection with notional amounts reported in a currency. With regard to non-Canadian dollar reporting, the Canadian dollar equivalent is calculated using the applicable daily exchange rate on the last business day of the derivatives fee year, as posted on the Bank of Canada website.

5A.4 Time of payment and late fee — Payments of derivatives participation fees must be made to the Ontario Securities Commission not more than 60 days after the end of the derivatives fee year and be accompanied by Form 13-502F9. For example, the fee in respect of the derivatives fee year beginning on July 1, 2022 and ending on June 30, 2023 would be payable by August 29, 2023. If the fee payer is late in paying the fee, an additional fee of 0.1% of the outstanding amount is charged for each business day.

PART 6 – ACTIVITY FEES

6.1 Technical reports — Item A2 of Appendix C requires fee payment of \$2,500 for the filing of each technical report for which an activity fee has not previously been paid, including This includes where a technical report is incorporated by reference into a prospectus. Staff consider that a technical report is incorporated by reference into a prospectus even if the incorporation is indirect; for example, the technical report is referenced in an annual information form that itself is included or incorporated in the prospectus.

- 6.2 Concurrent application by permitted individual** – Item K4 of Appendix C imposes a fee of \$100 for an individual seeking approval as a permitted individual. Item K5 imposes a fee of \$200 for an individual changing his or her status to a representative of a registrant firm. If an individual makes a concurrent application for approval as a permitted individual and as a representative of a registrant firm, staff would expect a fee of \$200 in the aggregate.
- 6.3 Affiliates** - Subsection 6.2.1(1) of the Rule provides for only one activity fee to be paid for an application, in respect of a joint activity, made jointly by applicants affiliated with each other. - Subsection 6.2.1(2) ensures that this measure applies to affiliates jointly applying for exemptive relief.
- 6.4 Investment fund families** - Section 6.3 of the Rule provides for only one activity fee to be paid for an application made by or on behalf of two or more investment funds in the same investment fund family.
- 6.5 Withdrawal of application or refiling of prospectus** - Generally, where an activity fee has been paid by a person who then abandons the matter or withdraws the application, a new activity fee would be payable if the person resurrects the application or updates the application for material changes that have occurred. Likewise, if a prospectus is withdrawn and then refiled, there is no waiver of the prospectus fee.

PART 7 –FEES FOR LATE FILING OR DELIVERY

- 7A Late fees under Part 7A of the Rule for registrant firms** - Appendix D to the Rule outlines additional fees payable by registrant firms for the late filing or delivery of certain forms or documents required under the Act. The Commission may consider the late filing or delivery of forms or documents when assessing the ongoing suitability for registration of a registrant firm.
- 7A.2 Late fee for covered documents – after April 2, 2023** - Late fees for covered documents, as defined in section 7A.1 of the Rule, that are incurred after April 2, 2023 are calculated in accordance with sections 7A.2 and 7A.3. The late fee is \$100 per day, subject to an annual cap for all covered documents submitted in a year of \$5,000. The annual cap is increased to \$10,000 for a person or company that has specified Ontario revenues greater than or equal to \$500 million.
- 7A.3 Affiliated investment funds and registrants** - Subsections 7A.3(3) and (4) apply when multiple affiliated investment funds or registrants fail to file the same type of covered documents due by the same date. In this case, payments attributable to a year made by anyone in the group count as payments made by everyone in the group. This means that the group will be liable to a maximum liability per year equal to the \$5,000 or \$10,000 annual cap.
- 7A.7 Transition – Certain forms and documents required to be filed or delivered before April 3, 2023** - Late fees for forms and documents listed in Row A or B of Appendix D as the Rule read on April 2, 2023 were calculated based on the number of business days that the form or document was late. Section 7A.7 provides that late fees incurred prior to April 3, 2023 will continue to be charged on this basis. Late fees incurred after that date are charged based on calendar days in accordance with sections 7A.2 and 7A.3.

7.1 Late fees relating to Form 33-109F5—Paragraph (e) to item A of Appendix D to the Rule provides for a late fee of \$100 per day to a maximum cap for each year. Form 33-109F5 is required to be filed for changes in registration information within the time periods specified in Parts 3 and 4 of NI 33-109. In some cases, registrants file the form merging a number of changes that have occurred and were required to be reported at different times. Staff will generally apply the late fee under paragraph (e) of Item A for each change reported on the F5 on the basis that a separate form was required to be filed in respect of each change.

7.1.1 Moratorium on OBA Late Fee—(1) Under paragraph 4.1(b) of National Instrument 33-109 *Registration Information*, a change to information previously submitted in Item 10 of Form 33-109F4 is required to be filed within 10 days of the change. The change is made by submitting a completed Form 33-109F5. Subject to the exceptions in subsection (2) and a cap contained in Appendix D, a late filing of Form 33-109F5 gives rise to a late fee of \$100 per business day under subparagraph (e)(i) of Row A of Appendix D.

(2) Registrants have commented that the scope of outside business activities (OBAs) that are required to be reported under Item 10 may be unclear. We acknowledge these comments and the need for greater clarity regarding OBA reporting. Amendments to the OBA reporting regime will require a CSA initiative. To reduce regulatory burden while the reporting regime is considered, we will not require registrants to pay the \$100 per day late fee in respect of updating Item 10 for the period beginning January 1, 2019 to the earlier of: (i) the first date that an amendment to NI 33-109 comes into force that sets out the circumstances in which outside business activity is required to be disclosed; and (ii) December 31, 2021. In this regard, see the definitions of “OBA amendment” and “specified day” in section 1.1, read with revised text in Column B of Row A of Appendix D.

7.2 Late fees under section 6.4 of the Rule for registrant firms—Appendix D to the Rule outlines additional fees payable by registrant firms for the late filing or delivery of certain forms or documents required under the Act. The Commission may consider the late filing or delivery of forms or documents when assessing the ongoing suitability for registration of a registrant firm.

~~**Late filings for the purpose of amending Form 33-109F6**—For amendments to item 5.5 *Bonding or insurance details* on Form 33-109F6, registrant firms are expected to notify the regulator of any change to bonding or insurance details in accordance with section 12.2 of NI 31-103, including the renewal of an insurance policy. The Commission will not charge a late fee with respect to renewal of bonding or insurance policies. However, late notifications of any changes in insurer or coverage amounts are subject to the late fees outlined in the Rule.~~

ANNEX E

This document is a clean version of proposed changes to Ontario Securities Commission Rule 13-503 (including Forms). Because of the extent of the proposed amendments, it is proposed that the entire rule will be repealed and replaced as of April 3, 2023, which would result in further changes to the numbering of the document. Due to the proposed repeal of various sections and forms, the present document contains numbering gaps which would be addressed if the entire rule is repealed and replaced.

**ONTARIO SECURITIES COMMISSION
RULE 13-503 (COMMODITY FUTURES ACT) FEES**

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**ONTARIO SECURITIES COMMISSION
RULE 13-503 (COMMODITY FUTURES ACT) FEES**

PART 1 — DEFINITIONS

1.1 Definitions — In this Rule

“CFA” means the *Commodity Futures Act*;

“CFA activities” means activities for which registration under the CFA is required, or activities for which an exemption from registration is required under the CFA, or would be so required if those activities were carried out in Ontario;

“designated financial year” in connection with the filing at any time by a registrant firm of a completed Form 13-503F1 means, the most recent completed financial year of the registrant firm, determined at the time of the filing, for which audited financial statements are available;

“Form 13-503F1” means Form 13-503F1 (*Commodity Futures Act*) *Participation Fee Calculation*;

“generally accepted accounting principles”, in relation to a person or company, means the generally accepted accounting principles used to prepare the financial statements of the person or company in accordance with Ontario securities law;

“IIROC” means the Investment Industry Regulatory Organization of Canada;

“Ontario percentage” means, in relation to a person or company for a designated financial year,

- (a) in the case of a person or company that had a permanent establishment in Ontario in the designated financial year and no permanent establishment elsewhere, 100%;
- (b) in the case of a person or company that had a permanent establishment in Ontario and elsewhere in the designated financial year and had taxable income in the designated financial year that is positive, the percentage of the taxable income that is taxable income earned in the year in Ontario, and
- (c) in any other case, the percentage of the total revenues of the person or company for the designated financial year attributable to CFA activities in Ontario;

“OSC Rule 33-506” means Ontario Securities Commission Rule 33-506 (*Commodity Futures Act*) *Registration Information*;

“permanent establishment” means a permanent establishment as defined in subsection 400(2) of the *Income Tax Regulations* (Canada);

“permitted individual” has the same meaning as in OSC Rule 33-506;

“principal regulator” has the same meaning as in National Instrument 33-109 *Registration Information* under the *Securities Act*;

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

“specified Ontario revenues”, in relation to a person or company for a designated financial year, means the revenues of the person or company calculated for the designated year under section 2.6 or 2.7, as the case may be;

“taxable income” means taxable income as determined under the *Income Tax Act* (Canada); and

“taxable income earned in the year in Ontario”, in relation to a person or company for a financial year, means the taxable income of the person or company earned in the financial year in Ontario as determined under Part IV of the *Income Tax Regulations* (Canada).

PART 2 — PARTICIPATION FEES

2.1 Application — This Part does not apply to a registrant firm that is registered under the *Securities Act* and that has paid its participation fee under Rule 13-502 *Fees* under the *Securities Act*.

2.2 Participation fee

- (0.1) A registrant firm must, after August 31 and before November 2 in each year, file a completed Form 13-503F1 showing the information required to determine the participation fee referred to in applicable sections 2.6 or 2.7.

- (1) A registrant firm must, by December 31 in each year, pay the participation fee shown in Appendix A opposite the specified Ontario revenues for the designated financial year of the firm.
- (3) Despite subsections (0.1) and (1), if a person or company that was not a registrant firm becomes, between November 1 and December 31, a registrant firm, it must, within 60 days of them becoming a registrant firm
 - (a) file a completed Form 13-503F1, and
 - (b) pay the participation fee determined in the completed Form 13-503F1.

2.4 Certification

- (1) A Form 13-503F1 required to be filed under section 2.2 must contain a certification signed by any one of the following:
 - (a) the chief compliance officer of the registrant firm;
 - (b) a specified officer of the registrant firm, or an individual acting in a similar capacity;
 - (c) a director of the registrant firm.
- (2) For the purposes of paragraph (1)(b), "specified officer" of a registrant firm means an individual with any one or more of the following positions in relation to the registrant firm:
 - (a) chief executive officer;
 - (b) chief financial officer;
 - (c) chief operating officer.

2.5 Late fee

- (1) A registrant firm that is late in paying a participation fee under this Part must pay an additional late fee of 0.1% of the unpaid portion of the participation fee for each day on which any portion of the participation fee was due and unpaid.
- (2) A late fee calculated under subsection (1) is deemed to be nil if it is less than \$100.

2.6 Calculating specified Ontario revenues for IIROC members

- (1) The specified Ontario revenues for a designated financial year of a registrant firm that was an IIROC member at the end of the designated financial year is calculated by multiplying
 - (a) the registrant firm's total revenues for the designated financial year, less the portion of the total revenue not attributable to CFA activities,
 - by
 - (b) the registrant firm's Ontario percentage for the designated financial year.
- (2) For the purpose of paragraph (1)(a), "total revenues" for a designated financial year means the amount shown as total revenue for the designated financial year on Statement E of the IIROC Form 1 filed with IIROC by the registrant firm.

2.7 Calculating specified Ontario revenues for others

- (1) The specified Ontario revenues for a designated financial year of a registrant firm that was not a member of IIROC at the end of the designated financial year is calculated by multiplying
 - (a) the registrant firm's total gross revenues, for the designated financial year, less deductions permitted under subsection (2),
 - by
 - (b) the registrant firm's Ontario percentage for the designated financial year.

- (2) For the purpose of paragraph (1)(a), a registrant firm may deduct the following items if earned in the designated financial year from its total revenues:
 - (a) revenues not attributable to CFA activities;
 - (b) advisory or sub-advisory fees paid during the designated financial year by the registrant firm to
 - (i) a registrant firm under the CFA or a registrant firm under the *Securities Act*, or
 - (ii) an unregistered exempt international firm, as defined in Rule 13-502 *Fees* under the *Securities Act*.

PART 3 — ACTIVITY FEES

- 3.1 Activity fees — General** — A person or company must, when filing a document or taking an action described in Row A1 to F4 of Column A of Appendix B, pay the fee shown opposite the description of the document or action in Column B.
- 3.2 Information request** — A person or company that makes a request described in Row G1 or G2 of Column A of Appendix B must pay the fee shown opposite the description of the request in Column B of Appendix B before receiving the document or information requested.
- 3.3 Affiliated entities** — (1) Despite section 3.1, only one fee must be paid under this Part for an application, in respect of a joint activity, made jointly by applicants affiliated with each other.
 - (2) Without limiting the generality of subsection (1), only one fee must be paid under this Part where an application for exemptive relief is made jointly by applicants affiliated with each other.

PART 3A — FEES FOR LATE FILING OR DELIVERY

- 3A.1 Definitions** — For the purposes of this Part,

“applicable limit” of a person or company for a year means

- (a) if the person or company is required to pay a participation fee in the year under Part 2 and the specified Ontario revenues for the designated financial year on which the participation fee is based are greater than or equal to \$500 million, \$10,000 for that year, and
- (b) in any other case, \$5,000 for that year.

“covered document” means a form or document listed in Appendix C.

“specified late day” means a day occurring after April 2, 2023

Late fee for covered documents

- 3A.2** A person or company that files or delivers a covered document after it was required to be filed or delivered must, when filing or delivering it, pay the fee determined under section 3A.3 in respect of the covered document.

Amount of fee

- 3A.3** (1) Subject to subsection (2), the fee for a covered document is equal to \$100 multiplied by the number of specified late days following the date the covered document was required to be filed or delivered until the date of the covered document is filed or delivered.
- (2) Despite subsection (1), the maximum late fee payable by a person or company under section 3A.2 and attributable to a year for all covered documents is equal to the applicable limit.
- (3) If a registrant firm and one or more registrant firms are affiliates of each other and each of those registrant firms has failed to file the same type of a covered document due by the same date, a fee paid under section 3A.2 by the first-mentioned registrant firm in respect of the covered document and attributable to a year is deemed for the purposes of this section to have been paid by each of the other registrant firms and be attributable to that year.

3A.4 Transition — Late fees accrued before April 3, 2023

A person or company that files or delivers a form or document listed in Appendix C of this Rule as it read on April 2, 2023 that was required to be filed or delivered before April 3, 2023, must, when filing or delivering it, pay the late fee determined under this Rule as it read on April 2, 2023 for the period from the date the form or document is required to be filed or delivered until April 2, 2023.

PART 4 — CURRENCY CONVERSION

- 4.1 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 exchange rate for the last business day preceding the particular date as posted on the Bank of Canada website.

PART 5 — EXEMPTION

- 5.1 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 6 — REVOCATION AND EFFECTIVE DATE

- 6.1 Revocation —** Rule 13-503 (*Commodity Futures Act*) Fees, as amended to October 18, 2019, is revoked.
- 6.2 Effective date —** This Rule comes into force on April 3, 2023.

APPENDIX A — PARTICIPATION FEES
Section 2.2

Specified Ontario Revenues for the Designated Financial Year	Participation Fee
under \$250,000	\$700
\$250,000 to under \$500,000	\$975
\$500,000 to under \$1 million	\$3,200
\$1 million to under \$3 million	\$7,150
\$3 million to under \$5 million	\$16,100
\$5 million to under \$10 million	\$34,300
\$10 million to under \$25 million	\$70,000
\$25 million to under \$50 million	\$105,200
\$50 million to under \$100 million	\$217,000
\$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

APPENDIX B — ACTIVITY FEES
Sections 3.1 and 3.2

Row	Document or Activity (Column A)	Fee (Column B)
	A. Application for specifically enumerated relief, approval and recognition	
A1	Application under: a) Section 24 or 40 or subsection 36(1) or 46(6) of the CFA, and b) Subsection 27(1) of the Regulation to the CFA.	Nil
A2	An application for relief from this Rule.	\$1,800
A3	An application for relief from any of the following: a) OSC Rule 31-509 (<i>Commodity Futures Act</i>) <i>National Registration Database</i> ; b) OSC Rule 33-506 ; c) Subsection 37(7) of the Regulation to the CFA	\$1,800
	B. Recognitions and Exemptions for Specified Regulated Entities	
B1.	An application for registration or recognition of an exchange under section 15 or 34 of the CFA if the application is not made in conjunction with the application for recognition of an exchange under the <i>Securities Act</i> ;	\$110,000
B2.	An application for registration or recognition of an exchange under section 15 or 34 of the CFA if the application is made in conjunction with the application for recognition of an exchange under the <i>Securities Act</i> ;	\$22,000
B3.	An application for exemption from registration of an exchange under section 80 of the CFA if the application is not made in conjunction with the application for exemption from the recognition of an exchange under the <i>Securities Act</i> ;	\$83,000
B4.	An application for exemption from registration of an exchange under section 80 of the CFA if the application is made in conjunction with the application for exemption from the recognition of an exchange under the <i>Securities Act</i> ;	\$22,000
B5.	An application for recognition of a clearing house under section 17 of the CFA if the application is not made in conjunction with the application for recognition of a clearing agency under the <i>Securities Act</i> ;	\$110,000
B6.	An application for recognition of a clearing house under section 17 of the CFA if the application is made in conjunction with the application for recognition of a clearing agency under the <i>Securities Act</i> .	\$22,000 (plus an additional fee of \$100,000 in connection with an application described in any of Rows B1 to B6 that (a) reflects a merger of an exchange or clearing agency, (b) reflects an acquisition of a major part of the assets of an exchange or clearing agency, or (c) involves the introduction of a new business that would significantly change the risk profile of an exchange or clearing agency, or reflects a major reorganization or

Row	Document or Activity (Column A)	Fee (Column B)
		restructuring of an exchange or clearing agency).
	C. Registration-Related Activity	
C1	New registration of a firm in one or more categories of registration	\$1,300
C2	Addition of one or more categories of registration	\$700
C3	Registration of a new individual to trade or advise on behalf of the registrant firm <i>Note: If an individual is registering as both a dealer and an adviser, the individual is required to pay only one activity fee.</i>	\$200 per individual, unless the individual makes an application to register in the same category of registration within three months of terminating employment with a previous firm.
C4	Review of permitted individual	\$100, unless the individual is already registered to trade or advise on behalf of the registrant firm
C5	Change in status from a non-trading or non-advising capacity to a trading or advising capacity	\$200 per individual
C6	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	\$1,000
C7	Application for amending terms and conditions of registration	\$800
	D. Director Approval	
D1	An application for approval of the Director under Section 9 of the Regulation to the CFA <i>Note: No fee for an approval under subsection 9(3) of the Regulation to the CFA is payable if a notice covering the same circumstances is required under sections 11.9 or 11.10 of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations.</i>	\$3,500
	E. Pre Filings	
E1	Each pre-filing relating to the items described in Rows B1 to B6 of Appendix B	One-half of the otherwise applicable fee that would be payable if the corresponding formal filing had proceeded at the same time as the pre-filing.
E2	Any other pre-filing of an application <i>Note: The fee for a pre-filing of an application will be credited against the applicable fee payable if and when the corresponding formal filing is actually proceeded with; otherwise, the fee is nonrefundable.</i>	The applicable fee that would be payable if the corresponding formal filing had proceeded at the same time as the pre-filing.
	F. Any Application not otherwise listed in this Rule	
F1	An application, other than one described in Rows A1 to D1 for (a) relief from one section of the CFA, a regulation or a rule, or (b) recognition or designation under one section of the CFA, a regulation or a rule,	\$4,800

Row	Document or Activity (Column A)	Fee (Column B)
F2	An application, other than one described in Rows A1 to D1 for (a) relief from two or more sections of the CFA, a regulation or a rule made at the same time, or (b) recognition or designation under two or more sections of the CFA, a regulation or a rule made at the same time.	\$7,000
F3	An application referred to in F1 or F2 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 13-502 <i>Fees</i> : (i) the applicant; (ii) an issuer of which the applicant is a wholly owned subsidiary;	The amount in F1 or F2 is increased by \$2,000
F4	An application under subsection 78(1) of the CFA, other than an application that was made under that subsection and subsection 144(1) of the <i>Securities Act</i> , if the application (a) reflects a merger of an exchange or clearing agency, (b) reflects an acquisition of a major part of the assets of an exchange or clearing agency, (c) involves the introduction of a new business that would significantly change the risk profile of an exchange or clearing agency, or (d) reflects a major reorganization or restructuring of an exchange or clearing agency.	The amount in F1 or F2 is increased by \$100,000
G1	G. Requests to the Commission Request for a search of Commission public records	\$10 initial search fee, plus \$7.50 per person for each 15 minutes time spent by the person searching or preparing records for disclosure to the extent consistent with the request.
G2	Request for copies of Commission public records	Applicable search fees under Row G1. Additional charge of \$0.25 per page for photocopied or printed records. No additional charge for digital copies, where available

APPENDIX C — DOCUMENTS TO WHICH FEES FOR LATE FILING OR DELIVERY APPLY
Part 3A.1

- (a) Annual financial statements and interim financial information;
- (b) Report under section 15 of the Regulation to the CFA;
- (c) Report under section 17 of the Regulation to the CFA;
- (d) Form 33-506F1 *Notice of Termination of Registered Individuals and Permitted Individuals*;
- (e) Form 13-503F1; and
- (f) Any form or document required to be filed or delivered by a registrant firm or individual in connection with the registration of the registrant firm or individual under the CFA with respect to
 - (i) terms and conditions imposed on the registrant firm or individual, or
 - (ii) an order of the Commission.

FORM 13-503F1
(COMMODITY FUTURES ACT) PARTICIPATION FEE CALCULATION

General Instructions

1. This form must be completed by firms registered under the *Commodity Futures Act* but not under the *Securities Act*. It must be returned to the Ontario Securities Commission by November 1 each year, as required by section 2.2 of OSC Rule 13-503 (the Rule), except in the case where firms register after November 1 in a year. In this exceptional case, this form must be filed within 60 days of registration.
2. 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*.
3. IIROC members must complete Part 4a of this form. All other registrant firms must complete Part II.
4. IIROC members may refer to Statement E of the Joint Regulatory Financial Questionnaire and Report for guidance.
5. If a firm's permanent establishments are situated only in Ontario, all of the firm's total revenue for the designated financial year is attributed to Ontario. If permanent establishments are situated in Ontario and elsewhere, the percentage attributed to Ontario for a designated financial 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 financial 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 CFA activities in Ontario.
6. All figures must be expressed in Canadian dollars.
7. Information reported on this form must be certified by an individual specified in section 2.4 of the Rule to attest to its completeness and accuracy.
8. If the firm has no "designated financial year", as defined in section 1.1 of the Rule, do not complete Part 4 of this form.

Certification

I, _____, of the registrant firm noted below have examined this Form 13-503F1 (the **Form**) being submitted hereunder to the Ontario Securities Commission and certify that to my knowledge, having exercised reasonable diligence, the information provided in the Form is complete and accurate.

(s) _____
 Name: _____
 Title: _____

Date: _____

PART 1: Firm Information

Firm NRD number: _____

Firm legal name: _____

PART 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. Financial Information

Does the firm have a designated financial year? ☐ Yes ☐ No (one selection)

If yes, end date of designated financial year: ____/____/____
 yyyy mm dd

PART 4: Participation Fee Calculation**Part 4(a) — IIROC Members**

1.	Total revenue for designated financial year from Statement E of the Form 1	\$
2.	Less revenue not attributable to CFA activities	\$
3.	Revenue subject to participation fee (line 1 less line 2)	\$
4.	Ontario percentage for designated financial year (See definition of "Ontario percentage" in the Rule)	%
5.	Specified Ontario revenues (line 3 multiplied by line 4)	\$
6.	Participation fee (From Appendix A of the Rule, select the participation fee opposite the specified Ontario revenues from line 5)	\$

Part 4(b) — Other Registrants:**Notes:**

- Total gross revenues are the sum of all gross revenues reported on the audited financial statements. Audited financial statements should be prepared in accordance with generally accepted accounting principles. Items reported on a net basis must be adjusted for purposes of the fee calculation to reflect gross revenues.
- Where the advisory services of a registrant firm, or of an unregistered exempt international firm under Rule 13-502 *Fees* of the *Securities Act*, 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 total revenues.

ANNEX F

This document is a blackline version of proposed changes to Ontario Securities Commission Rule 13-503 (including Forms).

ONTARIO SECURITIES COMMISSION
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3A.3 Amount of fee

PART 4 CURRENCY CONVERSION

4.1 Canadian dollars

PART 5 EXEMPTION

5.1 Exemption

PART 6 REVOCATION AND EFFECTIVE DATE

6.1 ~~Revocation~~

6.2 Effective date

Appendix A Participation Fees

Appendix B Activity Fees

Appendix C ~~Additional Fees for~~ Documents to which fees for late filing apply ~~Late Document Filings~~

Form 13-503F1 (Commodity Futures Act) Participation Fee Calculation

ONTARIO SECURITIES COMMISSION
RULE 13-503 (COMMODITY FUTURES ACT) FEES

PART 1 — DEFINITIONS

1.1 Definitions — In this Rule

“CFA” means the *Commodity Futures Act*;

“CFA activities” means activities for which registration under the CFA is required, or activities for which an exemption from registration is required under the CFA, or would be so required if those activities were carried out in Ontario;

“designated financial year” in connection with the filing at any time by a registrant firm of a completed Form 13-503F1 means, the most recent completed financial year of the registrant firm, determined at the time of the filing, for which audited financial statements are available;

“Form 13-503F1” means Form 13-503F1 (Commodity Futures Act) Participation Fee Calculation;

“generally accepted accounting principles”, in relation to a person or company, means the generally accepted accounting principles used to prepare the financial statements of the person or company in accordance with Ontario securities law;

“IIROC” means the Investment Industry Regulatory Organization of Canada;

~~“OBA amendment” means an amendment to OSC Rule 33-506 (Commodity Futures Act) Registrant Information that sets out circumstances in which outside business activity is required to be disclosed;~~

“Ontario percentage” means, in relation to a person or company for a ~~previous financial year~~designated financial year,

- (a) in the case of a person or company that ~~has had~~has a permanent establishment in Ontario in the ~~previous financial year~~designated financial year and no permanent establishment elsewhere, 100%,
- (b) in the case of a person or company that ~~has had~~has a permanent establishment in Ontario and elsewhere in the ~~previous financial year~~designated financial year and ~~has had~~has taxable income in the ~~previous financial year~~designated financial year that is positive, the percentage of the taxable income that is taxable income earned in the year in Ontario, and
- (c) in any other case, the percentage of the total revenues of the person or company for the ~~previous financial year~~designated financial year attributable to CFA activities in Ontario;

“OSC Rule 33-506” means Ontario Securities Commission Rule 33-506 (Commodity Futures Act) Registration Information;

“permanent establishment” means a permanent establishment as defined in subsection 400(2) of the *Income Tax Regulations* (Canada);

“permitted individual” has the same meaning as in OSC Rule 33-506 ~~(Commodity Futures Act) Registration Information;~~

~~“previous financial year” means, in relation to a registrant firm, the financial year of the firm ending in the then current calendar year;~~

“principal regulator” has the same meaning as in National Instrument 33-109 *Registration Information* under the *Securities Act*;

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

~~“specified day” means~~

~~(a) in relation to the late filing of Form 33-506F5 for the purposes of amending item 10 of Form 33-506F4, a business day occurring:~~

~~(i) before January 1, 2019, or~~

~~(ii) after the date which is the earlier of:~~

~~(A) the date that the first OBA amendment comes into force, and~~

~~(B) December 31, 2021, and~~

~~(b) in any other case, any business day;~~

“specified Ontario revenues”, in relation to a person or company for a designated financial year, means the revenues of the person or company calculated for the designated year under ~~determined in accordance with~~ section 2.6 or 2.7, as the case may be;

“taxable income” means taxable income as determined under the *Income Tax Act* (Canada); and

“taxable income earned in the year in Ontario”, in relation to a person or company for a financial year, means the taxable income of the person or company earned in the financial year in Ontario as determined under Part IV of the *Income Tax Regulations* (Canada).

PART 2 — PARTICIPATION FEES

2.1 Application — This Part does not apply to a registrant firm that is registered under the *Securities Act* and that has paid its participation fee under Rule 13-502 *Fees* under the *Securities Act*.

2.2 Participation fee

(0.1) A registrant firm must, after August 31 and before November 2 in each year, file a completed Form 13-503F1 showing the information required to determine the participation fee referred to in applicable sections 2.6 or 2.7.

(1) A registrant firm must, by December 31 in each year, pay the participation fee shown in Appendix A opposite the specified Ontario revenues for the ~~previous~~designated financial year of the firm.

~~(2) A registrant firm must, by December 1 in each year, file a completed Form 13-503F1 showing the information required to determine the participation fee referred to in subsection (1).~~

(3) Despite subsections (0.1) and (1), if a firm person or company that was not a registrant firm becomes, between November 1 and December 31, becomes registered between December 1 and 31, a registrant firm, it must, within 60 days of them becoming a registrant firm

(a) file a completed Form 13-503F1, and within 60 days of the date of registration.

(b) pay the participation fee determined in the completed Form 13-503F1.

~~2.3 Estimating specified Ontario revenues for late financial year end~~

~~(1) If the annual financial statements of a registrant firm for a previous financial year are not completed by December 1 in the calendar year in which the previous financial year ends, the firm must,~~

~~(a) by December 1, file a completed Form 13-503F1 showing a good faith estimate of the information required to calculate its specified Ontario revenues as at the end of the previous financial year, and~~

~~(b) by December 31, pay the participation fee shown in Appendix A opposite its estimated specified Ontario revenues for the previous financial year.~~

~~(2) A registrant firm that estimated its specified Ontario revenues under subsection (1) must, not later than 90 days after the end of the previous financial year,~~

~~(a) calculate its specified Ontario revenues,~~

~~(b) determine the participation fee shown in Appendix A opposite the specified Ontario revenues,~~

~~(c) if the participation fee determined under paragraph (b) exceeds the participation fee paid under subsection (1), pay the balance owing and file a completed Form 13-503F1 and Form 13-503F2.~~

~~(3) A registrant firm that pays an amount under subsection (1) that exceeds the participation fee determined under subsection (2) is entitled to a refund from the Commission of the excess.~~

~~(3) A request for a refund under subsection (3) must be made to the Commission by the same date on which the form referred to in paragraph (2)(c) is required to be filed.~~

2.4 Certification –

- (1) A ~~Form 13-503F1~~ required to be filed under section 2.2 ~~or 2.3~~ must contain a certification signed by any one of the following:
 - (a) the chief compliance officer of the registrant firm;
 - (b) a specified officer of the registrant firm, or an individual acting in a similar capacity;
 - (c) a director of the registrant firm.
- (2) For the purposes of ~~paragraph subsection~~ (1)(b), “specified officer” of a registrant firm means an individual with any one or more of the following positions in relation to the registrant firm:
 - (a) chief executive officer;
 - (b) chief financial officer;
 - (c) chief operating officer.

2.5 Late fee

- (1) A registrant firm that is late in paying a participation fee under this Part must pay an additional late fee of 0.1% of the unpaid portion of the participation fee for each ~~business~~ day on which any portion of the participation fee was due and unpaid.
- (2) A late fee calculated under subsection (1) is deemed to be nil if it is less than \$100.

2.6 Calculating specified Ontario revenues for IIROC members

- (1) The specified Ontario revenues for a ~~previous financial year~~ designated financial year of a registrant firm that was an IIROC member at the end of the ~~previous financial year~~ designated financial year is calculated by multiplying
 - (a) the registrant firm’s total revenues for the ~~previous financial year~~ designated financial year, less the portion of the total revenue not attributable to CFA activities,
by
 - (b) the registrant firm’s Ontario percentage for the ~~previous financial year~~ designated financial year.
- (2) For the purpose of paragraph (1)(a), “total revenues” for a ~~previous financial year~~ designated financial year means the amount shown as total revenue for the ~~previous financial year~~ designated financial year on Statement E of the ~~Joint Regulatory Financial Questionnaire and Report~~ IIROC Form 1 filed with IIROC by the registrant firm.

2.7 Calculating specified Ontario revenues for others

- (1) The specified Ontario revenues for a designated financial year of a registrant firm that was not a member of IIROC at the end of the ~~previous financial year~~ designated financial year is calculated by multiplying
 - (a) the registrant firm’s total gross revenues, ~~as shown in the audited financial statements prepared in accordance with generally accepted accounting principles~~ for the ~~previous financial year~~ designated financial year, less deductions permitted under subsection (2),
by
 - (b) the registrant firm’s Ontario percentage for the ~~previous financial year~~ designated financial year.
- (2) For the purpose of paragraph (1)(a), a registrant firm may deduct the following items if earned in the ~~previous year~~ designated financial year from its total revenues:
 - (a) revenues not attributable to CFA activities;

- (b) advisory or sub-advisory fees paid during the ~~previous financial year~~ designated financial year by the registrant firm to
 - (i) a registrant firm under the CFA or a registrant firm under the *Securities Act*, or
 - (ii) an unregistered exempt international firm, as defined in Rule 13-502 *Fees* under the *Securities Act*.

PART 3 — ACTIVITY FEES

- 3.1 Activity fees — General** — A person or company must, when filing a document or taking an action described in Row A1 to F4 of Column A of Appendix B, pay the ~~activity~~ fee shown opposite the description of the document or action in Column B.
- 3.2 Information request** — A person or company that makes a request described in ~~any of Rows G1 or G2 to G3~~ of Column A of Appendix B must pay the fee shown opposite the description of the request in Column B of Appendix B before receiving the document or information requested.
- ~~**3.3 Late fee** — A person or company that files or delivers a form or document listed in Column A of Appendix C after the form or document was required to be filed or delivered must, when filing or delivering the form or document, pay the late fee shown in Column B of Appendix C opposite the description of the form or document~~
- 3.3 Affiliated entities** — (1) Despite section 3.1, only one fee must be paid under this Part for an application, in respect of a joint activity, made jointly by applicants affiliated with each other.
- (2) Without limiting the generality of subsection (1), only one fee must be paid under this Part where an application for exemptive relief is made jointly by applicants affiliated with each other.

PART 3A — FEES FOR LATE FILING OR DELIVERY

3A.1 Definitions -For the purposes of this Part,

“applicable limit” of a person or company for a year means

(a) if the person or company is required to pay a participation fee in the year under Part 2 and the specified Ontario revenues for the designated financial year on which the participation fee is based are greater than or equal to \$500 million, \$10,000 for that year, and

(b) in any other case, \$5,000 for that year.

“covered document” means a form or document listed in Appendix C.

–“specified late day” means a day occurring after April 2, 2023.

Late fee for covered documents

3A.2 A person or company that files or delivers a covered document after it was required to be filed or delivered must, when filing or delivering it, pay the fee determined under section 3A.3 in respect of the covered document.

Amount of fee

3A.3 (1) Subject to subsection (2), the fee for a covered document is equal to \$100 multiplied by the number of specified late days following the date the covered document was required to be filed or delivered until the date of the covered document is filed or delivered.

(2) Despite subsection (1), the maximum late fee payable by a person or company under section 3A.2 and attributable to a year for all covered documents is equal to the applicable limit.

(3) If a registrant firm and one or more registrant firms are affiliates of each other and each of those registrant firms has failed to file the same type of a covered document due by the same date, a fee paid under section 3A.2 by the first-mentioned registrant firm in respect of the covered document and attributable to a year is deemed for the purposes of this section to have been paid by each of the other registrant firms and be attributable to that year.

3A.4 Transition - Late fees accrued before April 3, 2023

A person or company that files or delivers a form or document listed in Appendix C of this Rule as it read on April 2, 2023 that was required to be filed or delivered before April 3, 2023, must, when filing or delivering it, pay the late fee determined under this Rule as it read on April 2, 2023 for the period from the date the form or document is required to be filed or delivered until April 2, 2023.

PART 4 — CURRENCY CONVERSION

4.1 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 exchange rate for the last business day preceding the particular date as posted on the Bank of Canada website.

PART 5 — EXEMPTION

5.1 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 6 — REVOCATION AND EFFECTIVE DATE

6.1 Revocation – Rule 13-503 (*Commodity Futures Act*) Fees, as amended to October 18, 2019, ~~which came into force on June 1, 2009~~, is revoked.

6.2 Effective date – This Rule comes into force on ~~[April 6, 2015]~~ April 3, 2023.

APPENDIX A — PARTICIPATION FEES
[Section 2.2](#)

Specified Ontario Revenues for the ~~Previous Financial Year~~<u>Designated Financial Year</u>	Participation Fee
under \$250,000	~~\$835~~ <u>700</u>
\$250,000 to under \$500,000	~~\$1,085~~ <u>975</u>
\$500,000 to under \$1 million	~~\$3,550~~ <u>3,200</u>
\$1 million to under \$3 million	~~\$7,950~~ <u>7,150</u>
\$3 million to under \$5 million	~~\$17,900~~ <u>16,100</u>
\$5 million to under \$10 million	~~\$36,175~~ <u>34,300</u>
\$10 million to under \$25 million	~~\$74,000~~ <u>70,000</u>
\$25 million to under \$50 million	~~\$110,750~~ <u>105,200</u>
\$50 million to under \$100 million	~~\$221,500~~ <u>217,000</u>
\$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

APPENDIX B — ACTIVITY FEES

Sections 3.1 and 3.2

Row	Document or Activity (Column A)	Fee (Column B)
	A. Application for specifically enumerated relief, approval and recognition	
A1	Application under: a) Section 24 or 40 or subsection 36(1) or 46(6) of the CFA, and b) Subsection 27(1) of the Regulation to the CFA.	Nil
A2	An application for relief from this Rule.	\$1,800
A3	An application for relief from any of the following: a) OSC Rule 31-509 (<i>Commodity Futures Act</i>) <i>National Registration Database</i> ; b) OSC Rule 33-506 ~~5~~ (~~<i>Commodity Futures Act</i>~~) ~~<i>Registration Information</i>~~ ; c) Subsection 37(7) of the Regulation to the CFA	\$1,800
	B. <u>Recognitions and Exemptions for Specified Regulated Entities</u> ~~Market Regulation Recognitions and Exemptions~~	
B1.	An application for registration or recognition of an exchange under section 15 or 34 of the CFA if the application is not made in conjunction with the application for recognition of an exchange under the <i>Securities Act</i> ;	\$110,000
B2.	An application for registration or recognition of an exchange under section 15 or 34 of the CFA if the application is made in conjunction with the application for recognition of an exchange under the <i>Securities Act</i> ;	\$22,000
B3.	An application for exemption from registration of an exchange under section 80 of the CFA if the application is not made in conjunction with the application for exemption from the recognition of an exchange under the <i>Securities Act</i> ;	\$83,000
B4.	An application for exemption from registration of an exchange under section 80 of the CFA if the application is made in conjunction with the application for exemption from the recognition of an exchange under the <i>Securities Act</i> ;	\$22,000
B5.	An application for recognition of a clearing house under section 17 of the CFA if the application is not made in conjunction with the application for recognition of a clearing agency under the <i>Securities Act</i> ;	\$110,000
B6.	An application for recognition of a clearing house under section 17 of the CFA if the application is made in conjunction with the application for recognition of a clearing agency under the <i>Securities Act</i> .	\$22,000 (plus an additional fee of \$100,000 in connection with an application described in any of Rows B1 to B6 that reflects a merger of an exchange or clearing agency, reflects an acquisition of a major part of the assets of an exchange or clearing agency, or (c) involves the introduction of a new business that would significantly change the risk profile of an exchange or

Row	Document or Activity (Column A)	Fee (Column B)
		clearing agency, or reflects a major reorganization or restructuring of an exchange or clearing agency).
	C. Registration-Related Activity	
C1	New registration of a firm in one or more categories of registration	\$1,300
C2	Addition of one or more categories of registration	\$700
C3	Registration of a new individual to trade or advise on behalf of the registrant firm <i>Notes: ~~(+)~~ If an individual is registering as both a dealer and an adviser, the individual is required to pay only one activity fee.</i>	\$200 per individual, unless the individual makes an application to register in the same category of registration within three months of terminating employment with a previous firm.
C4	Review of permitted individual	\$100, unless the individual is already registered to trade or advise on behalf of the registrant firm
C5	Change in status from a non-trading or non-advising capacity to a trading or advising capacity	\$200 per individual
C6	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	\$1,000
C7	Application for amending terms and conditions of registration	\$800
	D. Director Approval	
D1	An application for approval of the Director under Section 9 of the Regulation to the CFA <i>Note: No fee for an approval under subsection 9(3) of the Regulation to the CFA is payable if a notice covering the same circumstances is required under sections 11.9 or 11.10 of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations.</i>	\$3,500
	E. Pre Filings	
E1	Each pre-filing relating to the items described in Rows B1 to B6 of Appendix B	One-half of the otherwise applicable fee that would be payable if the corresponding formal filing had proceeded at the same time as the pre-filing.
E2	Any other pre-filing of an application <i>Note: The fee for a pre-filing of an application will be credited against the applicable fee payable if and when the corresponding formal filing is actually proceeded with; otherwise, the fee is nonrefundable.</i>	The applicable fee that would be payable if the corresponding formal filing had proceeded at the same time as the pre-filing.
	F. Any Application not otherwise listed in this Rule	
F1	An application <u>other than one described in Rows A1 to D1</u> for	\$4,800

Row	Document or Activity (Column A)	Fee (Column B)
F2	(a) relief from one section of the CFA, a regulation or a rule, or (b) recognition or designation under one section of the CFA, a regulation or a rule. An application, <u>other than one described in Rows A1 to D1</u> for (a) relief from two or more sections of the CFA, a regulation or a rule made at the same time, or (b) recognition or designation under two or more sections of the CFA, a regulation or a rule made at the same time.	\$7,000
F3	An application ~~made under~~ <u>referred to in</u> F1 or F2 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 13-502 Fees: (i) the applicant; (ii) an issuer of which the applicant is a wholly owned subsidiary;	The amount in F1 or F2 is increased by \$2,000
F4	An application under subsection 78(1) of the CFA, <u>other than an application that was made under that subsection and subsection 144(1) of the Securities Act</u> , if the application (a) reflects a merger of an exchange or clearing agency, (b) reflects an acquisition of a major part of the assets of an exchange or clearing agency, (c) involves the introduction of a new business that would significantly change the risk profile of an exchange or clearing agency, or (d) reflects a major reorganization or restructuring of an exchange or clearing agency.	The amount in F1 or F2 is increased by \$100,000
G1	G. Requests to the Commission Request for a ~~copy (in any format)~~ <u>search</u> of Commission public records	~~\$0.50 per image~~ <u>\$10 initial search fee, plus \$7.50 per person for each 15 minutes time spent by the person searching or preparing records for disclosure to the extent consistent with the request.</u>
G2	Request for ~~a search~~ <u>copies</u> of Commission public records	~~\$7.50 for each 15 minutes search time spent by any person~~ <u>Applicable search fees under Row G1. Additional charge of \$0.25 per page for photocopied or printed records. No additional charge for digital copies, where available</u>
~~G3~~	~~Request for one's own individual registration form.~~	~~\$30~~

APPENDIX C — ~~ADDITIONAL FEES FOR LATE DOCUMENT FILINGS~~ DOCUMENTS TO WHICH FEES FOR LATE FILING OR DELIVERY APPLY
Part 3A.1

- (a) Annual financial statements and interim financial information;
- (b) Report under section 15 of the Regulation to the CFA;
- (c) Report under section 17 of the Regulation to the CFA;
- (d) Form 33-506F1 *Notice of Termination of Registered Individuals and Permitted Individuals*;
- (e) Form 13-503F1; and
- (f) Any form or document required to be filed or delivered by a registrant firm or individual in connection with the registration of the registrant firm or individual under the CFA with respect to
- (i) terms and conditions imposed on the registrant firm or individual, or
- (ii) an order of the Commission.

Document (Column A)	Late Fee (Column B)
~~A. Fee for late filing or delivery of any of the following forms or documents:~~ ~~(a) Annual financial statements and interim financial information;~~ ~~(b) Report under section 15 of the Regulation to the CFA;~~ ~~(c) Report under section 17 of the Regulation to the CFA;~~ ~~(d) Form 33-506F1;~~ ~~(e) Form 33-506F5, if the Commission is the principal regulator for the registrant firm or the individual and the filing is made for the purpose of amending:~~ ~~(i) one or more of items 10, 12, 13, 14, 15, 16, or 17 of Form 33-506F4, or~~ ~~(ii) one or more of items 1, 2, 3, 4, 5.3, 5.4, 5.5, 5.8, 5.9, 5.10, 5.11, 5.12, 6, 7, or 8 of Form 33-506F6 if the information being amended relates to the registrant firm and not a specified affiliate (as defined in Form 33-506F6) of the registrant firm;~~ ~~(f) Any form or document required to be filed or delivered by a registrant firm or individual in connection with the registration of the registrant firm or individual under the CFA with respect to,~~ ~~(i) terms and conditions imposed on a registrant firm or individual, or~~ ~~(ii) an order of the Commission;~~ ~~(g) Form 13-503F1;~~ ~~(h) Form 13-503F2.~~	~~For each form or document required to be filed or delivered, \$100 for every specified day following the date the form or document was required to be filed or delivered until the date the form or document is filed or delivered, subject to a maximum aggregate late fee of,~~ ~~(a) if the person or company is subject to a participation fee under Part 2 of the rule and the estimated specified Ontario revenues for the previous financial year are greater than or equal to \$500 million, \$10,000 for all forms or documents required to be filed or delivered by the person or company in the calendar year, or~~ ~~in all other cases, \$5,000 for all forms or documents required to be filed or delivered by the person or company in the calendar year.~~
~~B. Fee for late filing or delivery of Form 33-506F5 if the Commission is the principal regulator for the registrant firm and the filing is made for the purpose of amending Form 33-506F6 for information of a specified affiliate (as defined in Form 33-506F6) of the registrant firm.~~	~~\$100~~

FORM 13-503F1
(COMMODITY FUTURES ACT) PARTICIPATION FEE CALCULATION

General Instructions

1. This form must be completed by firms registered under the *Commodity Futures Act* but not under the *Securities Act*. It must be returned to the Ontario Securities Commission by ~~December~~November 1 each year, as required by section 2.2 of OSC Rule 13-503 (the Rule), except in the case where firms register after ~~December~~November 11 in a ~~calendar~~ year. In this exceptional case, this form must be filed within 60 days of registration.
2. 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*.
3. IIROC members must complete Part ~~4~~a of this form. All other registrant firms must complete Part II.
4. IIROC members may refer to Statement E of the Joint Regulatory Financial Questionnaire and Report for guidance.
5. If a firm's permanent establishments are situated only in Ontario, all of the firm's total revenue for the ~~previous financial year~~designated financial year is attributed to Ontario. If permanent establishments are situated in Ontario and elsewhere, the percentage attributed to Ontario for a ~~previous financial year~~designated financial 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 financial 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 CFA activities in Ontario.
6. All figures must be expressed in Canadian dollars. ~~All figures other than the participation fee must be rounded to the nearest thousand.~~
7. Information reported on this form must be certified by an individual specified in section 2.4 of ~~this~~the Rule to attest to its completeness and accuracy.
8. If the firm has no "designated financial year", as defined in section 1.1 of the Rule, do not complete Part 4 of this form.

Certification

I, _____, of the registrant firm noted below have examined this Form 13-503F1 (the **Form**) being submitted hereunder to the Ontario Securities Commission and certify that to my knowledge, having exercised reasonable diligence, the information provided in the Form is complete and accurate.

(s) _____
 Name: _____
 Title: _____

_____ Date: _____

PART 1: Firm Information

Firm NRD number: _____

Firm legal name: _____

PART 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. Financial Information

~~Is the firm providing a good faith estimate under section 2.3 of the Rule?~~

☐ Yes ☐ No (one selection)

Does the firm have a designated financial year?

If ~~no~~yes, end date of ~~previous financial year~~designated financial year: ____/____/____
 yyyy mm dd

~~If yes, end date of financial year for which the good faith estimate is provided: ____/____/____
 yyyy mm dd~~

PART 4: Participation Fee Calculation

~~Previous financial~~

~~Note: Dollar amounts stated in thousands, rounded to the nearest thousand.~~ ~~year~~Part I Part 4(a) — IIROC Members

- | | |
|---|----------|
| 1. Total revenue for ~~previous financial year~~ <u>designated financial year</u> from Statement E of the ~~Joint Regulatory Financial Questionnaire and Report~~ <u>Form 1</u> | \$ _____ |
| 2. Less revenue not attributable to CFA activities | \$ _____ |
| 3. Revenue subject to participation fee (line 1 less line 2) | \$ _____ |
| 4. Ontario percentage for ~~previous financial year~~ <u>designated financial year</u>
(See definition of "Ontario percentage" in the Rule) | _____ % |
| 5. Specified Ontario revenues (line 3 multiplied by line 4) | \$ _____ |
| 6. Participation fee (From Appendix A of the Rule, select the participation fee opposite the specified Ontario revenues ~~calculated above~~ <u>from line 5</u>) | \$ _____ |

Part ~~4~~(b) – Other Registrants:Notes:

1. Total gross revenues ~~is defined as~~are the sum of all gross revenues reported on the audited financial statements. Audited financial statements should be prepared in accordance with generally accepted accounting principles. Items reported on a net basis must be adjusted for purposes of the fee calculation to reflect gross revenues.
2. Where the advisory services of a registrant firm, or of an unregistered exempt international firm under Rule 13-502 *Fees of the Securities Act*, 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 total revenues.

\$

1. Total gross revenue for ~~previous~~designated financial year (note 1)

Less the following items in respect of the designated financial year:

2. Gross R revenue not attributable to CFA activities

\$

3. Advisory or sub-advisory fees paid to registrant firms or unregistered exempt international firms (note 2)

\$

4. Revenue subject to participation fee (line 1 less lines 2 and 3)

\$

5. Ontario percentage for ~~previous financial year~~designated financial year
(See definition of "Ontario percentage" in the Rule)

%

6. Specified Ontario revenues (line 4 multiplied by line 5)

\$

7. Participation fee
(From Appendix A of the Rule, select the participation fee beside the specified Ontario revenues from line 6~~calculated above~~)

\$

FORM 13-503F2
ADJUSTMENT OF FEE PAYMENT FOR
COMMODITY FUTURES ACT REGISTRANT FIRMS

Firm name: _____

End date of previous completed financial year: _____

Note: Paragraph 2.3(2) of OSC Rule 13-503 (the Rule) requires that this form must be filed concurrent with a completed Form 13-503F1 that shows the firm's actual participation fee calculation.

1. _____ Estimated participation fee paid under section 2.3(1) of the Rule:

2. _____ Actual participation fee calculated under paragraph 2.3(2)(b) of the Rule:

3. _____ Refund due (Balance owing):

(Indicate the difference between lines 1 and 2)

ANNEX G

This document is a clean version of proposed changes to the Companion Policy to Ontario Securities Commission Rule 13-503 . Because of the extent of the proposed changes, it is proposed that the entire Companion Policy be replaced as of April 3, 2023, which would result in further changes to the numbering of the document. Due to the proposed elimination of various sections, the present document contains numbering gaps which will be addressed if the entire Companion Policy is replaced.

**ONTARIO SECURITIES COMMISSION
COMPANION POLICY 13-503CP (COMMODITY FUTURES ACT) FEES**

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ONTARIO SECURITIES COMMISSION
COMPANION POLICY 13-503CP (COMMODITY FUTURES ACT) 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 13-503 (*Commodity Futures Act*) 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 general approach of the Rule is to establish a fee regime that is consistent with the approach of OSC Rule 13-502 (the “OSA Fees Rule”), which governs fees paid under the *Securities Act*. Both rules are designed to create 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) Registrant firms are generally required to pay participation fees annually.
- (2) Participation fees are designed to cover the Commission's costs not easily attributable to specific regulatory activities. The participation fee required of a person or company under Part 2 of the Rule is based on a measure of the person's or company's size, which is used as a proxy for its proportionate participation in the Ontario capital markets. In the case of a registrant firm, the participation fee is based on the firm's revenues attributable to its CFA activity in Ontario.

- 2.3 Application of participation fees** — Although participation fees are generally determined with reference to information from a financial year of the payor generally ending before the time of their payment, 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. For example, a “registrant firm” is required to pay a participation fee, not an individual who is registered as a salesperson, representative, partner, or officer of the firm.

- 2.5 Activity fees** — Activity fees are generally charged where a document of a designated class is filed. Estimates of the direct cost of Commission resources expended in undertaking the activities listed in Appendix B of the Rule are considered in determining these fees (e.g., reviewing 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 CFA and the *Securities Act*

- (1) A registrant firm that is registered both under the CFA and the *Securities Act* is exempted by section 2.1 of the Rule from the requirement to pay a participation fee under the Rule if it is current in paying its participation fees under the OSA Fees Rule. The registrant firm will include revenues derived from CFA activities as part of its revenues for purposes of determining its participation fee under the OSA Fees Rule.
- (2) A registrant firm that is registered both under the CFA and the *Securities Act* must pay activity fees under the CFA Rule even though it pays a participation fee under the OSA Fees Rule.

2.7 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 registrant firm whose registration is terminated later in the year for which the fee was paid.
- (2) While the Commission will also review requests for adjustments to fees paid in the case of incorrect calculations, unless there are exceptional circumstances, we will not generally issue a refund if a request is made more than 90 days after the fee was required to be paid. Filers should contact OSC staff with regard to the mechanics of how to deliver such a request.

- (3) Filers are expected to file correct information in a form. Correct information is important not only to reflect the filer's particular circumstances but also for more general data collection and analysis by the Commission. If a filer becomes aware that information in a previously filed form is incorrect, the filer should contact OSC staff about addressing the incorrect information on a timely basis (whether or not the correction would result in the determination of a different fee amount).

2.8 Indirect avoidance of rule — The Commission may examine arrangements or structures implemented by a person or company 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 review circumstances in which revenues from registrable activities carried on by a corporate group are not treated as revenues of a registrant firm, to assess whether the firm has artificially reduced the firm's specified Ontario revenues and, consequently, its participation fee.

2.9 Confidentiality of forms — The material filed under the Part 2 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 3 — PARTICIPATION FEES

3.1 Liability for participation fees — (1) Participation fees are payable annually by registrant firms as defined in section 1.1 of the Rule.

- (2) For registrants filing Form 13-503F1s for a year, the capital participation fee is based on their audited financial statements for the "designated financial year", as defined in subsection 1.1 of the Rule. If the registrant has no financial statement for a designated financial year available, there is no fee.

3.3 Late fees — Section 2.5 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.

3.4 "CFA activities" — A person or company must consider its CFA activities when calculating its participation fee. 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.

3.5 Permitted deductions — Section 2.7 of the Rule permits certain deductions to be made for the purpose of calculating specified Ontario revenues for registrant firms. The purpose of these deductions is to prevent the "double counting" of revenues that would otherwise occur.

PART 4 — ACTIVITY FEES

4.1 Concurrent application by permitted individual — Item C4 of Appendix B imposes a fee of \$100 for an individual seeking approval as a permitted individual. Item C5 imposes a fee of \$200 for an individual changing his or her status from a non-trading or non-advising capacity to a trading or advising capacity. If an individual makes a concurrent application for approval as a permitted individual and as an individual registered to trade or advise on behalf of a registrant firm, staff would expect a fee of \$200 in the aggregate.

4.2 Affiliates — Subsection 3.3(1) of the Rule provides for only one activity fee to be paid for an application, in respect of a joint activity, made jointly by applicants affiliated with each other. Subsection 3.3(2) ensures that this measure applies to affiliates jointly applying for exemptive relief.

4.3 Withdrawal of application — Generally, where an activity fee has been paid by a person who then abandons the matter or withdraws the application, a new activity fee would be payable if the person resurrects the application or updates the application for material changes that have occurred.

PART 5 — FEES FOR LATE FILING OR DELIVERY

5.1 Late fees under Part 3A of the Rule for registrant firms — Appendix C of the Rule outlines additional fees payable by registrant firms for the late filing or delivery of certain forms or documents required under the CFA Act. The Commission may consider the late filing or delivery of forms or documents when assessing the ongoing suitability for registration of a registrant firm.

5.2 Late fee for covered documents — after April 2, 2023 — Late fees for covered documents, as defined in Appendix C of the Rule, that are incurred after April 2, 2023 are calculated in accordance with sections 3A.2 and 3A.3. The late fee is \$100 per day, subject to an annual cap for all covered documents submitted in a year of \$5,000. The annual cap is increased to \$10,000 for a person or company that has specified Ontario revenues greater than or equal to \$500 million.

- 5.3 Affiliated registrants** — Subsections 3A.3(4) applies when multiple affiliated registrants fail to file the same type of covered documents due by the same date. In this case, payments attributable to a year made by anyone in the group count as payments made by everyone in the group. This means that the group will be liable to a maximum liability per year equal to the \$5,000 or \$10,000 annual cap.
- 5.4 Transition — Certain forms and documents required to be filed or delivered before April 3, 2023** — Late fees for forms and documents listed in Appendix C as the Rule read on April 2, 2023 were calculated based on the number of business days that the form or document was late. Section 3A.4 provides that late fees incurred prior to April 3, 2023 will continue to be charged on this basis. Late fees incurred after that date are charged based on calendar days in accordance with sections 3A.2 and 3A.3.

ANNEX H

This document is a blackline of proposed changes to the Companion Policy to OSC Rule 13-503.

ONTARIO SECURITIES COMMISSION COMPANION POLICY 13-503CP (COMMODITY FUTURES ACT) FEES

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PART 5 FEES FOR LATE FILING AND DELIVERY FEES

5.1 Late fees ~~under Part 3A of the Rule for registrant firms relating to Form 33-506F5~~

5.2 Late fee ~~for covered documents – after April 2, 2023 s~~ under section 3.3 of the Rule for registrant firms

5.3 ~~Late filings for the purpose of amending Form 33-506F6~~ Affiliated registrants

5.4 Transition – Certain forms and documents required to be filed or delivered before April 3, 2023

**ONTARIO SECURITIES COMMISSION
COMPANION POLICY 13-503CP (COMMODITY FUTURES ACT) 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 13-503 (*Commodity Futures Act*) 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 general approach of the Rule is to establish a fee regime that is consistent with the approach of OSC Rule 13-502 (the "OSA Fees Rule"), which governs fees paid under the *Securities Act*. Both rules are designed to create 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) Registrant firms are generally required to pay participation fees annually.
- (2) Participation fees are designed to cover the Commission's costs not easily attributable to specific regulatory activities. The participation fee required of a person or company under Part 2 of the Rule is based on a measure of the person's or company's size, which is used as a proxy for its proportionate participation in the Ontario capital markets. In the case of a registrant firm, the participation fee is based on the firm's revenues attributable to its CFA activity in Ontario.

2.3 Application of participation fees — Although participation fees are generally determined with reference to information from a financial year of the payor generally ending before the time of their payment, 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. For example, a "registrant firm" is required to pay a participation fee, not an individual who is registered as a salesperson, representative, partner, or officer of the firm.

2.5 Activity fees — Activity fees are generally charged where a document of a designated class is filed. Estimates of the direct cost of Commission resources expended in undertaking the activities listed in Appendix B of the Rule are considered in determining these fees (e.g., reviewing 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 CFA and the *Securities Act*

- (1) A registrant firm that is registered both under the CFA and the *Securities Act* is exempted by section 2.1 of the Rule from the requirement to pay a participation fee under the Rule if it is current in paying its participation fees under the OSA Fees Rule. The registrant firm will include revenues derived from CFA activities as part of its revenues for purposes of determining its participation fee under the OSA Fees Rule.
- (2) A registrant firm that is registered both under the CFA and the *Securities Act* must pay activity fees under the CFA Rule even though it pays a participation fee under the OSA Fees Rule.

2.7 ~~No~~ Refunds

~~(1) The Rule provides the specific circumstances where the Commission is required to refund fees in subsections 2.3(3) of the Rule. This subsection allows for a refund where a registrant firm overpaid an estimated participation fee provided the request is made within the time the related form was required to be filed.~~

(2) Generally, a person or company that pays a fee under the Rule is not entitled to a refund of that fee ~~unless they meet the conditions set out in the rule and discussed in subsection (1) above~~. 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 registrant firm whose registration is terminated later in the year for which the fee was paid.

- (3) While the Commission will also review requests for adjustments to fees paid in the case of incorrect calculations, unless there are exceptional circumstances, we will not generally issue a refund if a request is made more than 90 days after the fee was required to be paid. [Filers should contact OSC staff with regard to the mechanics of how to deliver such a request.](#)
- (4) [Filers are expected to file correct information in a form. Correct information is important not only to reflect the filer's particular circumstances but also for more general data collection and analysis by the Commission. If a filer becomes aware that information in a previously filed form is incorrect, the filer should contact OSC staff about addressing the incorrect information on a timely basis \(whether or not the correction would result in the determination of a different fee amount\).](#)

2.8 Indirect avoidance of rule — The Commission may examine arrangements or structures implemented by a person or company 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 review circumstances in which revenues from registrable activities carried on by a corporate group are not treated as revenues of a registrant firm, to assess whether the firm has artificially reduced the firm's specified Ontario revenues and, consequently, its participation fee.

2.9 Confidentiality of forms — The material filed under the Part 2 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 3 — PARTICIPATION FEES

3.1 Liability for participation fees — [\(1\)](#) Participation fees are payable annually by registrant firms as defined in ~~S~~section 1.1 of the Rule.

[\(2\)For registrants filing Form 13-503F1s for a year, the capital participation fee is based on their audited financial statements for the "designated financial year", as defined in subsection 1.1 of the Rule. If the registrant has no financial statement for a designated financial year available, there is no fee.](#)

~~**3.2 Filing forms under Section 2.3** — If the estimated participation fee paid under subsection 2.3(1) of the Rule by a registrant firm does not differ from its true participation fee determined under subsection 2.3(2), the registrant firm is not required to file either a Form 13-503F1 or a Form 13-503F2 under subsection 2.3(3) of the Rule.~~

3.3 Late fees — Section 2.5 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.

3.4 "CFA activities" — A person or company must consider its CFA activities when calculating its participation fee. 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.

3.5 Permitted deductions – ~~Subs~~Section 2.7 of the Rule permits certain deductions to be made for the purpose of calculating specified Ontario revenues for registrant firms. The purpose of these deductions is to prevent the "double counting" of revenues that would otherwise occur.

PART 4 — ACTIVITY FEES

4.1 Concurrent application by permitted individual – Item C4 of Appendix B imposes a fee of \$100 for an individual seeking approval as a permitted individual. Item C5 imposes a fee of \$200 for an individual changing his or her status from a non-trading or non-advising capacity to a trading or advising capacity. If an individual makes a concurrent application for approval as a permitted individual and as an individual registered to trade or advise on behalf of a registrant firm, staff would expect a fee of \$200 in the aggregate.

[4.2 Affiliates - Subsection 3.3\(1\) of the Rule provides for only one activity fee to be paid for an application, in respect of a joint activity, made jointly by applicants affiliated with each other. Subsection 3.3\(2\) ensures that this measure applies to affiliates jointly applying for exemptive relief.](#)

[4.3 Withdrawal of application - Generally, where an activity fee has been paid by a person who then abandons the matter or withdraws the application, a new activity fee would be payable if the person resurrects the application or updates the application for material changes that have occurred.](#)

PART 5—FEES FOR LATE FEES FILING OR DELIVERY

5.1 Late fees under Part 3A of the Rule for registrant firms – Appendix C of the Rule outlines additional fees payable by registrant firms for the late filing or delivery of certain forms or documents required under the CFA Act. The Commission may consider the late filing or delivery of forms or documents when assessing the ongoing suitability for registration of a registrant firm.

5.2 Late fee for covered documents – after April 2, 2023 - Late fees for covered documents, as defined in Appendix C of the Rule, that are incurred after April 2, 2023 are calculated in accordance with sections 3A.2 and 3A.3. The late fee is \$100 per day, subject to an annual cap for all covered documents submitted in a year of \$5,000. The annual cap is increased to \$10,000 for a person or company that has specified Ontario revenues greater than or equal to \$500 million.

5.3 Affiliated registrants - Subsections 3A.3(4) applies when multiple affiliated registrants fail to file the same type of covered documents due by the same date. In this case, payments attributable to a year made by anyone in the group count as payments made by everyone in the group. This means that the group will be liable to a maximum liability per year equal to the \$5,000 or \$10,000 annual cap.

5.4 Transition – Certain forms and documents required to be filed or delivered before April 3, 2023 - Late fees for forms and documents listed in Appendix C as the Rule read on April 2, 2023 were calculated based on the number of business days that the form or document was late. Section 3A.44 provides that late fees incurred prior to April 3, 2023 will continue to be charged on this basis. Late fees incurred after that date are charged based on calendar days in accordance with sections 3A.2 and 3A.3.

Late fees relating to Form 33-506F5

5.1 — Paragraph (e) to item A of Appendix C to the Rule provides for a late fee of \$100 per day to a maximum cap for each year. Form 33-506F5 is required to be filed for changes in registration information within the time periods specified in Parts 3 and 4 of OSC Rule 33-506. In some cases, registrant firms file the form merging a number of changes that have occurred and were required to be reported at different times. Staff will generally apply the late fee under paragraph (e) of Item A for each change reported on the F5 on the basis that a separate form was required to be filed in respect of each change.

(1.1) — Under subsection 4.1(1) of OSC Rule 33-506 *Registration Information*, a change to information previously submitted in Item 10 of Form 33-506F4 is required to be filed within 10 days of the change. The change is made by submitting a completed Form 33-506F5. Subject to the exceptions in subsection (1.2) and a cap contained in Appendix C, a late filing gives rise to a late fee of \$100 per business day under subparagraph (e)(i) of Row A of Appendix C.

(1.2) — Registrants have commented that the scope of outside business activities (OBAs) that are required to be reported under Item 10 may be unclear. We acknowledge these comments and the need for greater clarity regarding OBA reporting. To reduce regulatory burden while the reporting regime is considered, we will not require registrants to pay the \$100 per day late fee in respect of updating Item 10 for the period beginning January 1, 2019 to the earlier of: (i) the first date that an amendment to NI 33-109 comes into force that sets out the circumstances in which outside business activity is required to be disclosed; and (ii) December 31, 2021. In this regard, see the definitions of “OBA amendment” and “specified day” in section 1.1, read with revised text in Column B of Row A of Appendix C.

Late fees under section 3.3 of the Rule for registrant firms

5.2 — Appendix C to the Rule outlines additional fees payable by registrant firms for the late filing or delivery of certain forms or documents required under the Act. The Commission may consider the late filing or delivery of forms or documents when assessing the ongoing suitability for registration of a registrant firm.

Late filings for the purpose of amending Form 33-506F6

5.3 — For amendments to item 5.5 *Bonding or insurance details* on Form 33-506F6, registrant firms are expected to notify the regulator of any change to bonding or insurance details, including the renewal of an insurance policy. The Commission will not charge a late fee with respect to renewal of bonding or insurance policies. However, late notifications of any changes in insurer or coverage amounts are subject to the late fees outlined in the Rule.

ANNEX I

LOCAL MATTERS – ONTARIO

1. Qualitative and quantitative analysis of the anticipated costs and benefits of the Proposed Amendments

OSC staff (the **OSC**, the **Commission** or **we**) have undertaken an analysis of the anticipated costs and benefits of the Proposed Amendments, as set forth below, to analyze the regulatory need for the proposed rule changes. This analysis includes the potential economic impacts, including anticipated costs and benefits, relative to the current baseline (where no participation fee is paid by derivatives participants in relation to the Commission's oversight of the OTC derivatives market, including with respect to its expanded systemic risk related mandate in relation to OTC derivatives¹), and subsequent fee reductions for issuers, registrants and unregistered capital market participants and simplifications in the fee rule).

The fee structure model set out in the Proposed Amendments is based on a 'cost-recovery model' – it is designed to recover the Commission's costs to provide protection to investors, promote efficient capital markets and confidence in capital markets, foster capital formation, and to contribute to the stability of the financial system and the reduction of systemic risk.

Proposed OTC derivatives fee

It is important that the OSC's oversight continues to evolve to adequately address the complexity and growth in the OTC derivatives sector. As of September 2021, there were over 3.7 million outstanding OTC derivatives transactions involving an Ontario local counterparty – the total notional amounts outstanding for these transactions is an estimated \$60 trillion². Costs to the Commission to monitor and regulate the OTC derivatives market are projected to increase significantly in the future and are anticipated to be nearly \$13.5 million in annual costs to the Commission.³ Currently, since there is no derivatives participation fee, all costs associated with derivatives regulation to date have been ultimately recovered from the population of securities market participants that are fee payers under the Fee Rule, including small and medium sized entities who may not contribute to systemic risk in OTC derivatives markets. Therefore, based on an analysis of funding sources, anticipated costs, and an assessment of futures market activity, we have determined that the OSC will require additional revenues to meet its regulatory obligations.

Proposed fee reductions and eliminations

Since the market decline experienced at the onset of the COVID-19 pandemic, the Ontario capital market have proven to be resilient and shown significant growth which has resulted in the OSC generating participation fees from issuers, registrants and unregistered capital market participants of greater than \$100 million from over 5,700 market participants. The introduction of the proposed derivatives fees permits recovery from a sector that is experiencing regulatory growth while reducing fees for certain existing fee payers to ensure that fees collected are proportionate to the cost of regulation across market segments and participant size. The proposed fee reductions are anticipated to primarily impact small and medium sized market participants, which account for approximately 5,500 market participants.

1.1 The anticipated costs of the Proposed Amendments

Where feasible, we have used available information to quantify the number of stakeholders that we anticipate will be impacted.⁴

1.1.1 Proposed OTC Derivatives Fee Costs*1.1.1.0 Overview of the number of derivatives firms anticipated to become "fee payers"*

We estimate that there are at least 205 derivatives dealers transacting in OTC derivatives in Ontario (both local and foreign firms that are primarily banks).

The Proposed Amendments will require any entity that is a "reporting counterparty" under OSC Rule 91-507 *Trade Repositories and Derivatives Data Reporting* (mainly domestic and foreign banks that are derivatives dealers) at any time during a one-year period, to pay an annual participation fee (note, this in effect excludes recognized or exempt clearing agencies and other end-users such as corporate end-users, pension funds, and investment funds).

Currently, of this population of firms, based on our analysis of trade reporting data and the proposed tiered thresholds fee structure described in section 1.1.1.1 below, we estimate that 73 reporting counterparties that are derivatives dealers will become fee payers in respect of their derivatives activity under the Proposed Amendments (the **anticipated fee payers**) if the Proposed Amendments take effect in 2022.

¹ In 2017, the stated purposes of the *Securities Act* (Ontario) were amended and the OSC's mandate was expanded to include a new purpose - "... to contribute to the stability of the financial system and the reduction of systemic risk."

² All figures in Canadian dollars.

³ As described in the Notice, these costs include direct costs and an allocation of indirect costs, such as premises, human resources, financial management, regulatory (including compliance audits), advisory, and enforcement.

⁴ Including data reported under OSC Rule 91-507 *Trade Repositories and Derivatives Data Reporting*.

1.1.1.1 Anticipated fees to be paid under the proposed tiered thresholds by anticipated fee payers

Just as there are participation fees charged to other market participants under the existing Fee Rule, the Proposed Amendments propose a participation fee for OTC derivatives activity comprised of a series of tiers based on a fee payer's average outstanding notional of all transactions that are required to be reported under OSC Rule 91-507 over a one-year period. The proposed tiered threshold structure is calibrated so that larger, more active, and systemically significant derivatives firms have higher fees, reflecting regulatory resource allocation (in particular, from a systemic risk perspective).

No derivatives participation fees are payable by a prospective fee payer in respect of a derivatives fee year (calculated by reference to a one-year period beginning on July 1 of the previous calendar year and ending on June 30 of the then current calendar year) if its average outstanding notional of OTC derivatives during that year is below \$3 billion.

The total population of anticipated fee payers and the number of anticipated fee payers that will fall within each respective tier threshold is described in Table 1.

Table 1: Proposed Fee Tier Threshold and Associated Fees

Outstanding Notional Threshold	Fee	Number of Derivatives Firms in Fee Threshold (July 2022)
\$10 trillion and over	\$1,900,000	2
\$4 trillion to under \$10 trillion	1,350,000	3
\$1 trillion to under \$4 trillion	750,000	1
\$500 billion to under \$1 trillion	450,000	3
\$300 billion to under \$500 billion	200,000	6
\$100 billion to under \$300 billion	100,000	14
\$50 billion to under \$100 billion	50,000	14
\$15 billion to under \$50 billion	15,000	11
\$7.5 billion to under \$15 billion	7,500	10
\$3 billion to under \$7.5 billion	3,000	9
		Total Firms: 73

1.1.1.2 Other implementation costs to anticipated fee payers

Generally, anticipated fee payers will incur initial and ongoing costs from analyzing the Proposed Amendments, updating policies and procedures for compliance, and updating IT systems for recordkeeping and reporting purposes. The estimated incremental implementation costs arising from the Proposed Amendments for derivative fees are summarized in Table 2. Associated IT systems costs, if any, should be minimal given that the fee is determined according to notional amounts which reporting counterparties are already required to record and report on a daily basis under the trade reporting rule.

Table 2: Implementation Costs – Total Initial and Ongoing Yearly Costs to Fee Payers

Type of Administrative Cost	Total Initial Cost (Year 1) for each Anticipated Fee Payer	Total Initial Cost (Year 1) for <u>Entire Population of Anticipated Fee Payers</u>	Total Ongoing Yearly Cost for each Anticipated Fee Payer	Total Ongoing Yearly Cost for <u>Entire Population of Anticipated Fee Payers</u>
Learning about and implementing the Proposed Amendments	\$537	\$39,219	N/A	N/A
Compliance with Proposed Amendments	390	28,481	\$390	\$28,481
Recordkeeping and reporting	110	8,003	110	8,003
Total implementation costs	\$1,037	\$75,704	\$500	\$36,484

The estimates reflect the number of hours spent per task by staff in different functions within each fee payer. Hourly rates are based on information found in published fee surveys and compensation guides subject to certain adjustments (e.g. application of local market adjustments).

1.1.1.3 No cost to investors or other end-users of OTC derivatives

There will be no direct costs to investors or end-users of derivatives (e.g., pension funds, insurance companies, corporations, investment funds) because of the Proposed Amendments.

1.1.2 Cost Estimates of proposed fee reductions and eliminations

1.1.2.0 Fee reductions and eliminations cost overview

Except for modifying the basis of calculating late fees from business days to calendar days, the remaining Proposed Amendments include a reduction and elimination of certain fees that are expected to reduce administration effort and fees for most market participants. Late fees are triggered when market participants do not pay or do not file regulatory forms by established due dates as required by securities legislation. Late fees are intended to promote compliance with securities legislation to allow for filings to be made publicly available on a timely basis and to ensure the OSC can carry out our required regulatory tasks. The change to use calendar days instead of business days for calculating late fees creates a harmonization of late fee calculations across the OSC in addition to further harmonization across the CSA.

There may be an increase in late fees due to the additional penalties by adding weekends and holidays (i.e., if filing/paying on a Monday, the filer will have incurred an extra \$200 (depending on the form) in late fees). We estimate that filers will also have an initial learning cost of \$66 per filer⁵. The OSC has fee caps on late fees to ensure late filings do not result in significant monetary difficulties for any filer as the OSC's main objective is to promote compliance in capital markets as well as participation in the market.

1.1.2.1 No cost to investors or other end-users of proposed fee reductions and eliminations

There will be no direct costs to investors as a result of these Proposed Amendments.

1.2 The anticipated benefits of the Proposed Amendments

In this section, we present our assessment of the anticipated benefits of the Proposed Amendments. Overall, the Proposed Amendments and appropriate funding benefit the public interest by providing the resources to contribute to the stability of Ontario's financial system through reduced risk, enhanced data analysis for systemic risk monitoring, and ensuring that the Commission can fulfill its derivatives market oversight responsibilities and adapt to changing markets and evolving market behaviours.

The anticipated quantitative benefits of the Proposed Amendments can be separated into two categories: benefits from derivatives fees, and benefits from proposed fee reductions.

⁵ The estimates reflect the number of hours spent per task by staff in different functions within each fee payer. Hourly rates are based on information found in published fee surveys and compensation guides subject to certain adjustments (e.g. application of local market adjustments).

1.2.1 Benefits from Derivatives Fees

The quantitative benefits of the Proposed Amendments relating to the derivatives fee can be considered in two ways:

- one alternative to the Proposed Amendments (that the Commission rejected) would be to raise fees for over 5,700 market participants that currently pay fees under the Fee Rule, including small and medium sized market participants who do not contribute to risk in the OTC derivatives market. Therefore, one benefit of the Proposed Amendments is the elimination of cross-subsidization of regulatory oversight costs by these market participants because these 5,700 market participants will not have to pay a combined \$7.9 million in additional fees (an average of approximately \$1,386 per participant);
- the 2008 financial crisis had a significant global financial impact.⁶ Increased systemic risk monitoring and improved oversight of the OTC derivatives markets in Ontario will contribute to our ability to mitigate against similar crises, and the resulting costs, associated with systemic risks in the OTC derivatives markets that can also potentially have a material effect on the overall capital markets.

In the absence of a net increase in fees, the Commission will not be able to effectively fulfill our mandate to contribute to the stability of the financial system and the reduction of systemic risk. We will also not be able to uphold Canada's G20 commitment "to create more powerful tools to hold large global firms to account for the risks they take."⁷ We will not be able to hire and retain staff with the appropriate expertise to conduct core oversight activities (including market examination and surveillance, data analysis, enforcement, regulation and rulemaking, and providing effective and data-driven policy development), or make the necessary investments over time in the technology needed to support these activities.

1.2.1.1 Adequate funding will enable the OSC to fulfill its mandate of systemic risk monitoring

The OSC's mandate was expanded recently to include the mandate to contribute to the stability of the financial system and the reduction of systemic risk in the capital markets. Systemic risk in the OTC derivatives market was a significant contributor to the 2008 global financial crisis. Adequate funding of the OSC's systemic risk monitoring program related to OTC derivatives will:

- provide oversight of the emergence of risks and vulnerabilities that can threaten the stability of Ontario's capital markets and have serious negative consequences to Ontario's economy;
- identify challenges (such as access to liquidity, market fragmentation, and trends in price formation) that may impede market efficiency;
- identify opportunities to strengthen and increase the competitiveness and growth of Ontario markets, and improve policy development; and
- improve coordination and cooperation with other provincial, federal, and foreign agencies to enhance the identification of financial system vulnerabilities and promote financial system reliance.

1.2.1.2 Adequate funding will enable the OSC to improve protection for end-users of the OTC derivatives market

- The fees will fund the OSC's efforts to protect Ontario investors from financial systemic risk and misconduct by providing the OSC with the necessary resources to continue to design and implement a framework for analyzing OTC derivatives data for systemic risk oversight and market conduct purposes.

1.2.1.3 Fee structure is fair and proportionate to risk – avoids fee increases for small and medium sized participants

- In order to achieve effective systemic risk oversight in OTC derivatives markets, we require significant increases in staffing resources and technological enhancements in our capabilities for risk analysis.
- The benefit of the Commission's proposed approach is that it allocates costs proportionate to the risk that market participants contribute to the OTC derivatives market, rather than increasing existing fees across securities market participants.

⁶ For example, a 2018 study by the Federal Reserve Board found that the crisis cost every single American \$70,000. See: <https://www.frbsf.org/economic-research/publications/economic-letter/2018/august/financial-crisis-at-10-years-will-we-ever-recover/>

⁷ G20 Leaders Statement: The Pittsburgh Summit, September 24-25, 2009 at para. 17. See: [G20 Leaders Statement: The Pittsburgh Summit \(utoronto.ca\)](https://www.g20.org/2009/09/25/g20-leaders-statement-the-pittsburgh-summit-utoronto-ca)

- Based on current data – since the majority of derivatives activity takes place with the anticipated fee payers that are large financial institutions – it would not be equitable for costs to be borne by other participants in capital markets.
- The derivatives dealers in the top tiers in the rule are responsible for the vast majority of derivatives transactions occurring in Ontario, and therefore are introducing the largest operational risks and potential systemic risk concerns in the province. Accordingly, they should bear the costs of our oversight, instead of small and medium sized participants in the market.

1.2.1.4 Derivatives fee structure effectively avoids charging end-users and smaller dealers

- The anticipated fee payers will be the 73 largest domestic and foreign derivatives dealers.
- In the Ontario derivatives market, market participants that are not in the business of trading derivatives (end-users) typically transact with dealers, rather than with other end-users. As a result, generally end-users do not have a reporting obligation and therefore would not be fee payers in Ontario.
- In addition, any end-users or smaller dealers with under \$3 billion in outstanding notional would not be subject to the fee.

1.2.1.5 Derivatives fee structure is simple and easy for market participants to administer

- The fee structure contemplated by the Proposed Amendments relies on the existing concept of “reporting counterparty” in the trade reporting rule. Market participants will already know whether they are a reporting counterparty.
- The derivatives fee is determined according to notional amounts which reporting counterparties are already required to record and report on a daily basis under the trade reporting rule.
- Therefore, the implementation of the Proposed Amendments will not require significant system or process changes by firms.

1.2.1.6 Derivatives fee structure alleviates potential concerns around market liquidity

- Canadian banks have, in the past, expressed concerns that smaller foreign banks may cease to trade with them if they are subject to additional regulatory requirements.
- Under industry developed reporting logic that is used to determine who is a reporting counterparty,⁸ swap dealers registered with the U.S. Commodity Futures Trading Commission are the reporting counterparty for transactions with dealers that are not CFTC registered, even if the transaction is not required to be reported in the U.S. This means that a smaller overseas bank, for example, that is not accustomed to paying fees in North America, and that is only providing liquidity to the six large Canadian banks, would not be the reporting counterparty and would not be a fee payer. The six banks, all of whom are CFTC registered swap dealers, would be the reporting counterparty.
- Therefore, smaller foreign banks would not have a reporting requirement if only providing liquidity to the Canadian banks. Larger foreign dealers that are registered with the CFTC are already accustomed to paying fees associated with that registration.

1.2.2 Benefits from Proposed Fee Reductions and Eliminations

The Proposed Amendments include \$5.6 million in fee reductions that will benefit more than 5,500 market participants. The reductions include \$3.1 million in the form of participation fee reductions to issuers with a capitalization for the previous year below \$1 billion, and registrant firms and unregistered capital market participants with Ontario specified revenues below \$100 million. A reduction of \$1.8 million is projected from over 12,000 filing Fees relating to exempt distributions (under OSC Rule 45-501 *Ontario Prospectus and Registration Exemptions* and NI 45-106 *Prospectus Exemptions*) representing a 30% reduction in fees, and a further \$0.7 million from the elimination of certain activity and late fees.

⁸ See the ISDA 2014 Multilateral Canadian Reporting Party Agreement (Deemed Dealer Version) available at <https://www.isda.org/2014/09/22/isda-2014-multilateral-canadian-reporting-party-agreement-deemed-dealer-version/> which incorporates the Canadian Transaction Reporting Party Requirements available at <https://www.isda.org/2015/03/20/canadian-transaction-reporting-party-requirements-2/> at page 6.

1.2.2.1 Participation fee reductions for a majority of issuers, registrants and unregistered capital market participants

- Issuers with a capitalization below \$1 billion, with a current population over 2,200 issuers⁹, are expected to see rate savings between 5% to 16%. Registrant firms and unregistered capital market participants with specified Ontario revenues below \$100 million, representing over 3,100 market participants, are expected to see rate savings between 2% to 16%.

Corporate Finance Participation Fees	Class 1/2 Current Fee	Proposal	Estimated Population ¹⁰	Estimated Total Savings	Reduction
Under \$10 million	\$ 890	\$ 750	1,048	\$ 146,720	16%
\$10 million to \$25 million	1,070	1,000	290	20,300	7%
\$25 million to \$50 million	2,590	2,400	249	47,310	7%
\$50 million to \$100 million	6,390	6,100	180	52,200	5%
\$100 million to \$250 million	13,340	12,700	199	127,360	5%
\$250 million to \$500 million	29,365	27,900	137	200,705	5%
\$500 million to \$1 billion	40,950	38,900	113	231,650	5%
Total Participation Fee Reductions			2,216	\$ 826,245	

Corporate Finance Participation Fees	Class 3A&3B Current Fee	Proposal	Estimated Population	Estimated Total Savings	Reduction
Under \$10 million	\$ 890	\$ 750	32	\$ 4,480	16%
\$10 million to \$25 million	1,070	1,000	64	4,480	7%
\$25 million to \$50 million	1,195	1,110	9	765	7%
\$50 million to \$100 million	2,135	2,030	17	1,785	5%
\$100 million to \$250 million	4,450	4,225	8	1,800	5%
\$250 million to \$500 million	9,780	9,300	5	2,400	5%
\$500 million to \$1 billion	13,650	13,000	12	7,800	5%
Total Participation Fee Reductions			148	\$ 23,510	

⁹ As of end of OSC fiscal year 2020-2021

¹⁰ Based on participant payments in fiscal year 2020-2021

Capital Markets Participation Fees	Current Fee Amount	Proposal	Estimated Population	Estimated Savings	Reduction
under \$250,000	\$ 835	\$ 700	1,747	\$ 235,845	16%
\$250,000 to under \$500,000	1,085	975	211	23,210	10%
\$500,000 to under \$ 1 million	3,550	3,200	255	89,250	10%
\$ 1 million to under \$3 million	7,950	7,150	393	314,400	10%
\$3 million to under \$5 million	17,900	16,100	146	262,800	10%
\$5 million to under \$10 million	36,175	34,300	164	307,500	5%
\$10 million to under \$25 million	74,000	70,000	126	504,000	5%
\$25 million to under \$50 million	110,750	105,200	60	333,000	5%
\$50 million to under \$100 million	221,500	217,000	38	171,000	2%
Total Participation Fee Reductions			3,140	\$ 2,241,005	

1.2.8 *Simplification of participation fee submissions by registrant firms and unregistered capital markets participants and Class 2 reporting issuers*

- Currently, annual registrant participation fees are due on December 31st. Most firms who have a December 31st year-end do not have their financials completed and/or audited by this time. Registrant firms and unregistered capital market participants are required to use good faith estimates for filing their Ontario specified revenues by December 1st. Over 2,500 registrant firms and unregistered capital market participants are currently filing using good faith estimates. Consequently, their participation fees are based on an estimate which has resulted in significant adjustments in the form of payment resubmissions or refund requests following their financial audit. To address this issue, we are proposing to amend the fee rules to have registrants base their calculations using their most recent completed audited financial statements. This will reduce administrative burden on market participants reducing costs by an estimate of \$1,548 per form.
- The Proposed Amendments repeal section 2.5, Participation fee estimate for Class 2 reporting issuers, of the Main Fee Rule and the accompanying Form 13-502F2A (*Adjustment of Fee Payment for Class 2 Reporting Issuers*) and eliminate the use of estimates which we estimate will reduce market participants burden by \$208 per form. The method of calculating capitalization under section 9 of the Main Fee Rule, which is relevant for issuer participation fees, has also been clarified.

1.2.9 *Elimination of certain late fees*

- This initiative allows for reduced burden for market participants while still ensuring proper safeguards in place to carry out effective regulatory work. Late fees are used as a tool to promote compliance with filing requirements. The majority of late fees proposed for elimination are triggered on the late filing of participation fee forms. We also charge late fees when market participants pay late, representing a potentially duplicative penalty relating to fee submissions. While late fees represent a tool necessary to promote compliance with filing requirements, the removal of these fees meets our objective to focus late fees on critical filings that do not compromise investor protection. Also, registrants do not need to spend administrative efforts towards reporting and processing payment of late fee invoices estimated at \$110 per payment.
- Market participants are anticipated to have savings totaling \$0.5 million in regulatory costs and individual burden reductions of \$110 for reporting and payment of each late fee.

2 Legislative Authority for Rule Making

The following provision of the *Securities Act* (Ontario) provides the Commission with the authority to adopt the Proposed Amendments:

- Paragraph 43 of subsection 143(1) of the *Securities Act* (Ontario) authorizes the Commission to make rules prescribing fees payable to the Commission.

The following provision of the *Commodity Futures Act* (Ontario) provides the Commission with the authority to adopt the Proposed Amendments:

- Paragraph 25 of subsection 65(1) of the *Commodity Futures Act* (Ontario) authorizes the Commission to make rules prescribing fees payable to the Commission.

3 Alternatives Considered

The Commission considered increasing existing fees across all market participants; however, we are proposing these amendments because the increasing regulatory costs for the oversight of OTC derivatives markets, and the risks they contribute to the Ontario capital markets, should be borne directly by the entities that create the need for this oversight. The derivatives dealers in the top tiers in the rule are responsible for the vast majority of derivatives transactions occurring in Ontario and therefore are a significant source of potential operational and systemic risk in the Ontario capital markets. Accordingly, they should be bearing the costs of this oversight, instead of small and medium sized participants in the market.

4 Reliance on Unpublished Studies

In developing the Proposed Amendments, the Commission is relying on derivatives data collected under OSC Rule 91-507.

We welcome comments on all aspects of the Proposed Amendments, including the estimated costs associated with complying with the requirements of the Fee Rule.

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Chapter 7

Insider Reporting

This chapter is available in the print version of the OSC Bulletin, as well as in Thomson Reuters Canada's internet service SecuritiesSource (see www.westlawnextcanada.com).

This chapter contains a weekly summary of insider transactions of Ontario reporting issuers in the System for Electronic Disclosure by Insiders (SEDI). The weekly summary contains insider transactions reported during the seven days ending Sunday at 11:59 pm.

To obtain Insider Reporting information, please visit the SEDI website (www.sedi.ca).

Chapter 11

IPOs, New Issues and Secondary Financings

INVESTMENT FUNDS

Issuer Name:

PIMCO Multi-Sector Income Fund
Principal Regulator - Ontario

Type and Date:

Final Long Form Prospectus dated February 17, 2022
NP 11-202 Receipt dated February 17, 2022

Offering Price and Description:

\$650,000,000 Maximum (65,000,000 Class A Units and/or
Class F Units)

Underwriter(s) or Distributor(s):

N/A

Promoter(s):

N/A

Project #3329752

Issuer Name:

CI Bio-Revolution ETF
CI Digital Security ETF
Principal Regulator – Ontario

Type and Date:

Preliminary Long Form Prospectus dated Feb 17, 2022
NP 11-202 Final Receipt dated Feb 18, 2022

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

N/A

Promoter(s):

N/A

Project #3326732

Issuer Name:

NEI Clean Infrastructure Fund
Principal Regulator – Ontario

Type and Date:

Preliminary Simplified Prospectus dated Feb 18, 2022
NP 11-202 Final Receipt dated Feb 18, 2022

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

N/A

Promoter(s):

N/A

Project #3321324

Issuer Name:

Black Diamond Impact Core Equity Fund
Purpose Credit Yield Plus Fund
Purpose Monthly Yield Plus Fund
Principal Regulator – Ontario

Type and Date:

Combined Preliminary and Pro Forma Simplified
Prospectus dated Feb 14, 2022
NP 11-202 Preliminary Receipt dated Feb 15, 2022

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

N/A

Promoter(s):

N/A

Project #3338291

Issuer Name:

Invesco Global Balanced ESG ETF Fund
Invesco Global Select Balanced Fund
Principal Regulator – Ontario

Type and Date:

Preliminary Simplified Prospectus dated Feb 17, 2022
NP 11-202 Preliminary Receipt dated Feb 18, 2022

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

N/A

Promoter(s):

N/A

Project #3339828

Issuer Name:

Mulvihill Enhanced Yield Canadian Bank ETF
Mulvihill Premium Yield Plus ETF
Principal Regulator – Ontario

Type and Date:

Preliminary Long Form Prospectus dated Feb 14, 2022
NP 11-202 Final Receipt dated Feb 15, 2022

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

N/A

Promoter(s):

N/A

Project #3321756

Issuer Name:

Ninepoint Energy Fund
Ninepoint Gold Bullion Fund
Principal Regulator - Ontario

Type and Date:

Amendment #2 to Final Annual Information Form dated
February 9, 2022

NP 11-202 Final Receipt dated Feb 16, 2022

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

N/A

Promoter(s):

N/A

Project #3190459

Issuer Name:

Horizons Cash Maximizer ETF
Principal Regulator - Ontario

Type and Date:

Amendment #2 to Final Long Form Prospectus dated
February 8, 2022

NP 11-202 Final Receipt dated Feb 16, 2022

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

N/A

Promoter(s):

N/A

Project #3267081

NON-INVESTMENT FUNDS

Issuer Name:

Agrinam Acquisition Corporation
Principal Regulator - Ontario

Type and Date:

Amendment #1 dated February 15, 2022 to Preliminary
Long Form Prospectus dated January 21, 2022
NP 11-202 Preliminary Receipt dated February 15, 2022

Offering Price and Description:

U.S.\$150,000,000 - 15,000,000 CLASS A RESTRICTED
VOTING UNITS

Underwriter(s) or Distributor(s):

BMO NESBITT BURNS INC.
CANACCORD GENUITY CORP.

Promoter(s):

AGRINAM INVESTMENTS, LLC
Project #3328834

Issuer Name:

FTC Cards Inc.
Principal Regulator - British Columbia

Type and Date:

Preliminary Long Form Prospectus dated February 17,
2022
NP 11-202 Preliminary Receipt dated February 17, 2022

Offering Price and Description:

4,666,667 Common Shares and 2,333,333 Common Share
Purchase Warrants issuable on deemed exercise of
4,666,667 Special Warrants at a price of \$0.75 per Special
Warrant and 24,410,506 Common Shares, 19,528,404
Contingent Rights and 2,683,333 Common Share
Purchase Warrants issuable pursuant to a Share Purchase
Agreement and 1,708,735 Common Shares issuable to
certain arm's length finders

Underwriter(s) or Distributor(s):

-

Promoter(s):

Robert Kiesman
Jonathan Or
Project #3339699

Issuer Name:

Gold Terra Resource Corp.
Principal Regulator - British Columbia

Type and Date:

Preliminary Short Form Prospectus dated February 15,
2022
NP 11-202 Preliminary Receipt dated February 15, 2022

Offering Price and Description:

\$5,010,000.00 - 18,887,971 Common Shares
Price:

\$0.21 per Purchased Share

\$0.24 per FT Share

\$0.30 per Charity FT Share

Underwriter(s) or Distributor(s):

STIFEL NICOLAUS CANADA INC.
BMO NESBITT BURNS INC.
BEACON SECURITIES LIMITED

Promoter(s):

-

Project #3336825

Issuer Name:

Intermap Technologies Corporation
Principal Regulator - Alberta

Type and Date:

Amendment dated February 14, 2022 to Preliminary Shelf
Prospectus dated November 17, 2021
NP 11-202 Preliminary Receipt dated February 16, 2022

Offering Price and Description:

\$20,000,000 Common Shares Preferred Shares Debt
Securities Subscription Receipts Warrants Units

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #3303180

Issuer Name:

JVR Ventures Inc.
Principal Regulator - British Columbia

Type and Date:

Preliminary CPC Prospectus dated February 15, 2022
NP 11-202 Preliminary Receipt dated February 16, 2022

Offering Price and Description:

\$400,000.00 or 4,000,000 Common Shares

Price: \$0.10 per Common Share

Underwriter(s) or Distributor(s):

Haywood Securities Inc.

Promoter(s):

Kristen Reinertson
Project #3338819

Issuer Name:

Reconnaissance Energy Africa Ltd.
Principal Regulator - British Columbia

Type and Date:

Preliminary Short Form Prospectus dated February 14, 2022
NP 11-202 Preliminary Receipt dated February 15, 2022

Offering Price and Description:

\$41,275,000.00 - 6,500,000 Units
Price: \$6.35 per Unit

Underwriter(s) or Distributor(s):

Canaccord Genuity Corp.

Promoter(s):

-

Project #3336209

Issuer Name:

Sintana Energy Inc.
Principal Regulator - Ontario

Type and Date:

Amendment dated February 16, 2022 to Preliminary Short Form Prospectus dated January 28, 2022
NP 11-202 Preliminary Receipt dated February 18, 2022

Offering Price and Description:

Minimum: \$7,325,000.00 or 48,833,333 Units
Maximum: \$11,550,000.00 or 77,000,000 Units
\$0.15 per Unit

Underwriter(s) or Distributor(s):

Echelon Wealth Partners Inc.

Promoter(s):

-

Project #3333218

Issuer Name:

Xcite Resources Inc.
Principal Regulator - British Columbia

Type and Date:

Preliminary Long Form Prospectus dated February 15, 2022
NP 11-202 Preliminary Receipt dated February 15, 2022

Offering Price and Description:

\$800,000.00 - 8,000,000 Units
PRICE: \$0.10 per Unit

Underwriter(s) or Distributor(s):

Haywood Securities Inc.

Promoter(s):

Chris Cooper

Project #3337779

Issuer Name:

Gander Gold Corporation
Principal Regulator - British Columbia

Type and Date:

Final Long Form Prospectus dated February 14, 2022
NP 11-202 Receipt dated February 15, 2022

Offering Price and Description:

0.00

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #3314577

Issuer Name:

Innergex Renewable Energy Inc.
Principal Regulator - Quebec

Type and Date:

Final Short Form Prospectus dated February 16, 2022
NP 11-202 Receipt dated February 16, 2022

Offering Price and Description:

\$150,005,250.00 - 8,451,000 Common Shares
Price: \$17.75 per Offered Share

Underwriter(s) or Distributor(s):

CIBC World Markets Inc.
National Bank Financial Inc.
BMO Nesbitt Burns Inc.
TD Securities Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
Desjardins Securities Inc.
Raymond James Ltd.
IA Private Wealth Inc.

Promoter(s):

-

Project #3335366

Issuer Name:

Kingsview Minerals Ltd.
Principal Regulator - Ontario

Type and Date:

Final Long Form Prospectus dated February 14, 2022
NP 11-202 Receipt dated February 15, 2022

Offering Price and Description:

0.00

Underwriter(s) or Distributor(s):

-

Promoter(s):

James Macintosh

Project #3271166

Issuer Name:

MyndTec Inc.
Principal Regulator - Ontario

Type and Date:

Final Long Form Prospectus dated February 11, 2022
NP 11-202 Receipt dated February 16, 2022

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #3286944

Issuer Name:

Pender Street Capital Corp.
Principal Regulator - British Columbia

Type and Date:

Final CPC Prospectus dated February 11, 2022
NP 11-202 Receipt dated February 15, 2022

Offering Price and Description:

\$200,000.00

2,000,000 Common Shares

Price: \$0.10 per Common Share

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #3315647

Issuer Name:

St Charles Resources Inc.
Principal Regulator - Ontario

Type and Date:

Final CPC Prospectus dated February 8, 2022
NP 11-202 Receipt dated February 18, 2022

Offering Price and Description:

Minimum Offering: \$500,000.00 or 5,000,000 Common Shares

Maximum Offering: \$1,000,000 or 10,000,000 Common Shares

Price: \$0.10 per Common Share

Underwriter(s) or Distributor(s):

iA Private Wealth Inc.

Promoter(s):

-

Project #3312798

Issuer Name:

True North Commercial Real Estate Investment Trust
Principal Regulator - Ontario

Type and Date:

Final Shelf Prospectus dated February 17, 2022
NP 11-202 Receipt dated February 17, 2022

Offering Price and Description:

\$500,000,000.00 - Trust Units, Preferred Trust Units, Debt Securities, Subscription Receipts, Warrants, Units

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #3335867

Issuer Name:

Wallbridge Mining Company Limited
Principal Regulator - Ontario

Type and Date:

Final Short Form Prospectus dated February 18, 2022
NP 11-202 Receipt dated February 18, 2022

Offering Price and Description:

\$15,015,000.00 - 27,300,000 Charity Flow-Through Shares

Price: \$0.55 per Charity Flow-Through Share

Underwriter(s) or Distributor(s):

BMO NESBITT BURNS INC.
CORMARK SECURITIES INC.

EIGHT CAPITAL

PARADIGM CAPITAL INC.

Promoter(s):

-

Project #3335549

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Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Voluntary Surrender	18 Asset Management Inc.	Portfolio Manager	February 8, 2022
Name Change	From: Acreage Inc. To: Acreageway Inc.	Exempt Market Dealer	July 21, 2021

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Chapter 13

SROs, Marketplaces, Clearing Agencies and Trade Repositories

13.2 Marketplaces

13.2.1 Nodal Exchange, LLC – Variation of Commission Order

NODAL EXCHANGE, LLC

VARIATION OF COMMISSION ORDER

February 18, 2022

On February 18, 2022, the Commission issued a variation order pursuant to section 144 of the *Securities Act* (Ontario) and sections 38 and 80 of the *Commodity Futures Act* (Ontario) to extend relief exempting trades in commodity futures contracts on Nodal Exchange by a bank listed in Schedule I to the *Bank Act* (Canada) from the registration requirement under section 22 of the CFA, provided such trades are made as principal and only for the bank's own account (**Bank Relief**). The Bank Relief now expires upon the coming into force of legislation or a rule by the Commission regarding the imposition of business conduct obligations on market participants in connection with the trading of exchange-traded derivatives with investors in Ontario.

A copy of the varied and restated order is published in Chapter 2 of this Bulletin.

13.3 Clearing Agencies

13.3.1 Canadian Derivatives Clearing Corporation (CDCC) – Proposed Amendments to the Risk Manual of the CDCC with Respect to the Base Initial Margin Model for Fixed Income Products – OSC Staff Notice of Request for Comment

OSC STAFF NOTICE OF REQUEST FOR COMMENT

CANADIAN DERIVATIVES CLEARING CORPORATION (CDCC)

**PROPOSED AMENDMENTS TO
THE RISK MANUAL OF THE CDCC
WITH RESPECT TO THE BASE INITIAL MARGIN MODEL FOR FIXED INCOME PRODUCTS**

The Ontario Securities Commission is publishing for public comment the proposed amendments to the CDCC Risk Manual with respect to the Base Initial Margin Model for Fixed Income products.

The purpose of the proposed amendments is to update the calculation methodology of historical shocks on the risk factors and introduce a Stressed Value-at-Risk component to the Initial Margin Model for Fixed Income products, as a permanent solution to replace the temporary remediation actions put in place post the COVID-19 market events.

The comment period ends on March 28, 2022.

A copy of the **CDCC Notice** is published on our website at <http://www.osc.ca>.

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