

# FINANCIAL SERVICES REGULATORY AUTHORITY OF ONTARIO

## NOTICE OF FINAL RULE UNDER THE *FINANCIAL SERVICES REGULATORY AUTHORITY OF ONTARIO ACT, 2016*

### RULE 2019 – 001 ASSESSMENTS AND FEES

**March 8, 2019**

#### **Introduction**

The Financial Services Regulatory Authority of Ontario (**FSRA** or the **Authority**), under subsection 21(2) of the *Financial Services Regulatory Authority of Ontario Act, 2016* (the **FSRA Act**), has made Rule 2019-001 – Assessments and Fees (the **Fee Rule**) as a rule under the FSRA Act.

The Fee Rule and other required materials were delivered to the Minister of Finance on **March 8, 2019**. The Minister may approve or reject the Fee Rule, or return it for further consideration. If the Minister approves the Fee Rule, the Fee Rule will come into force on the later of: (a) the 15<sup>th</sup> day following the Minister's approval; and (b) the date on which FSRA assumes regulatory authority over the financial services sectors that it will regulate (the latter date being the **Regulatory Effective Date**). If the Minister does not take any action with respect to the Fee Rule by June 6, 2019, the Fee Rule will come into force on the later of: (a) June 21, 2019.; and (b) the Regulatory Effective Date.

#### **Background**

FSRA was established under the FSRA Act and, upon such Act being fully in force, will assume substantially all of the regulatory functions of the Financial Services Commission of Ontario (**FSCO**) and the Deposit Insurance Corporation of Ontario (**DICO**). FSRA will be self-funded and operate on a cost recovery basis.

As part of the transition of FSCO's and DICO's regulatory mandate to FSRA, FSRA developed an initial fee rule to obtain funding from the financial services sectors it regulates. By notice dated October 5, 2018 (the **First Consultation Notice**), FSRA published for comment proposed FSRA Rule 2019-001 – Assessments and Fees (the **Proposed Fee Rule**).

FSRA sought public comment on the Proposed Fee Rule in accordance with section 22 of the FSRA Act and provided a 90-day comment period. The comment period relating to the Proposed Fee Rule (the **First Comment Period**) expired on January 4, 2019.

Following public consultation, FSRA proposed to revise certain provisions of the Proposed Fee Rule, as more fully set out in a notice dated February 4, 2019 (the **Second Consultation Notice**) and the revised fee rule attached to that notice (the **Revised Fee Rule**). FSRA sought public comment on the Revised Fee Rule in accordance with section 22 of the FSRA Act and provided a 21-day comment period. The comment period relating to the Revised Fee Rule (the **Second Comment Period**) expired on February 25, 2019.

Given the targeted Spring 2019 launch date and the time to finalize FSRA's fee rule being limited, FSRA also developed an interim fee rule, which was contained in a separate notice and in proposed FSRA Rule 2019-001B – Fees and Assessments (Interim) (the **Interim Fee Rule**). With the adoption of the Fee Rule, FSRA is no longer pursuing the Interim Fee Rule on a transitional basis.

## **Substance and Purpose of Fee Rule**

The substance and purpose of the Fee Rule is to ensure that FSRA is a self-funded agency that operates on a cost recovery basis, in accordance with the FSRA fee rule vision and principles (which are set out in the First Consultation Notice), to enable FSRA to carry out its legislated mandate.

## **Summary of Written Comments Received**

During the First Consultation Period, FSRA received 91 submissions, including questions and comments, on the Proposed Fee Rule and the Interim Fee Rule, from 80 individual commentators. A list of those who provided comments during the First Consultation Period was attached to the Second Consultation Notice as Appendix A to that notice (see [https://www.fsrao.ca/assets/consultations/FSRA\\_Rule\\_2019-001\\_EN\\_20190204.pdf](https://www.fsrao.ca/assets/consultations/FSRA_Rule_2019-001_EN_20190204.pdf)). A summary of these comments and FSRA's responses was attached as Appendix B to the Second Consultation Notice ([https://www.fsrao.ca/assets/consultations/FSRA\\_Rule\\_2019-001\\_EN\\_20190204.pdf](https://www.fsrao.ca/assets/consultations/FSRA_Rule_2019-001_EN_20190204.pdf)). Questions raised during the First Consultation Period were answered on FSRA's website at <https://www.fsrao.ca/en/consultations/assessment-and-fees?view=answers>.

During the Second Consultation Period, FSRA received 9 submissions, including questions and comments, on the Revised Fee Rule, from 9 individual commentators. A list of those who provided comments during the Second Consultation Period is attached to this Notice as Appendix A. For a summary of these comments and FSRA's responses, please see Appendix B to this Notice. Questions raised during the Second Consultation Period were answered on FSRA's website at <https://www.fsrao.ca/en/consultations/assessment-and-fees?view=answers>. FSRA has considered comments received during the Second Consultation Period, and has determined that no changes to the Revised Fee Rule are necessary as a result of those comments.

## **Summary of Changes**

Under the heading "Summary of Changes", the Second Consultation Notice described the changes made to the Proposed Fee Rule, as published for comment on October 9, 2018 (changes of a minor nature, changes made only for purposes of clarification or drafting changes generally were not discussed) – see [https://www.fsrao.ca/assets/consultations/FSRA\\_Rule\\_2019-001\\_EN\\_20190204.pdf](https://www.fsrao.ca/assets/consultations/FSRA_Rule_2019-001_EN_20190204.pdf). Attached to the Second Consultation Notice as Appendix C (see [https://www.fsrao.ca/assets/consultations/FSRA\\_Rule\\_2019-001\\_EN\\_20190204.pdf](https://www.fsrao.ca/assets/consultations/FSRA_Rule_2019-001_EN_20190204.pdf)) was a copy of the Revised Fee Rule, and as Appendix D was a blackline showing changes to the Proposed Fee Rule ([https://www.fsrao.ca/assets/consultations/FSRA\\_Rule\\_2019-001\\_EN\\_20190204.pdf](https://www.fsrao.ca/assets/consultations/FSRA_Rule_2019-001_EN_20190204.pdf)).

Upon its final review of the Fee Rule, FSRA determined that two changes should be made to the transitional provisions of the Fee Rule.

First, FSRA determined that it is not necessary for the Fee Rule to come into force on a date before the Regulatory Effective Date. As such, Section 10.2(1) of the Fee Rule was amended to provide that the effective date of the Fee Rule will be the Regulatory Effective Date. For clarity, while FSRA does not anticipate that this will be the case, it is possible that the effective date of the Fee Rule could be a later date under the FSRA Act – see the Introduction to this Notice (above) which reflects the FSRA Act requirements.

Second, Section 10.2(2)(f) was added to the Fee Rule. This provision: (a) affirms that the first assessment period shall commence upon the Regulatory Effective Date; and (b) clarifies that in respect of FSRA's first assessment period, the draft and final budgets may be a budget in respect of FSRA's fiscal year commencing April 1, 2019 and ending on March 31, 2020. The former simply reflects FSRA's intention throughout the comment periods relating to the Fee Rule, while the latter reflects the fact that

the budget used for consultation and rule-making purposes is FSRA's budget in respect of the 2019-2020 fiscal year.

After considering all comments received, including those received during the Second Consultation Period, and incorporating the amendments described in this section ("Summary of Changes"), FSRA has adopted the Fee Rule.

### **Authority for the Fee Rule**

Subsection 21(2) of the FSRA Act authorizes the Authority to make rules governing fees, levies, sector assessments and other charges that the Authority may impose, including, but not limited to, (a) for filing; (b) for applications for licences or registration; (c) in respect of compliance reviews and audits made by the Authority; and (d) in connection with the work described in sections 4 and 6 of the FSRA Act, and other work that relates to the objects of the Authority under section 3 of the FSRA Act, including any assessment that the Authority is required to pay under the FSRA Act or any other Act.

### **Unpublished Materials**

In making the Fee Rule, the Authority has not relied on any significant unpublished study, report, decision or other written materials, other than reports prepared for FSRA management by FSRA's external consultant.

### **Alternatives Considered**

Throughout development of the Proposed Fee Rule, FSRA considered a number of alternatives based on various elements which were primarily identified *via* jurisdictional research. In addition to consideration of a variable versus fixed rate approach, FSRA considered various alternative fee rules. Details on the foregoing were included in the First Consultation Notice (see [https://www.fsrao.ca/assets/consultations/FSRA\\_Rule\\_2019-001\\_EN\\_201910005.pdf](https://www.fsrao.ca/assets/consultations/FSRA_Rule_2019-001_EN_201910005.pdf)). Through its meetings with industry advisory group (IAGs), FSRA also identified a number of matters for future consideration in the context of its fee rule.

During the development of the Revised Fee Rule, FSRA considered the submissions received by FSRA during the First Comment Period as alternatives to the Proposed Fee Rule. Appendix B to the Second Consultation Notice described FSRA's analysis of these alternatives (see [https://www.fsrao.ca/assets/consultations/FSRA\\_Rule\\_2019-001\\_EN\\_20190204.pdf](https://www.fsrao.ca/assets/consultations/FSRA_Rule_2019-001_EN_20190204.pdf)).

During the process of finalizing the Fee Rule, FSRA considered the submissions received by FSRA during the Second Comment Period as alternatives to the Revised Fee Rule. Appendix B to this Notice describes FSRA's analysis of these alternatives.

### **Anticipated Costs and Benefits**

The principal benefit of the Fee Rule is that it supports FSRA's preferred approach for operating as an independent, self-funded agency, on a cost recovery basis and to assess the regulated sectors, consistent with the FSRA fee rule vision and principles more particularly described in the First Consultation Notice. The Fee Rule will ensure that FSRA is financially able to fulfill its regulatory mandate.

The benefits of the Fee Rule by sector were described in the commentary contained throughout the First Consultation Notice, including in the commentary under the heading "Alternatives Considered" in the First Consultation Notice.

## **Regulations to be Revoked**

The Ministry of Finance, in conjunction with FSRA, is working to determine whether amendments to relevant legislation and regulations (potentially including amendments to *the Credit Unions and Caisses Populaires Act, 1994* (Ontario) and/or Regulation 237/09 governing DICO assessments for the Deposit Insurance Reserve Fund) are required and, if so and if passed, will facilitate the transitional Fee Rule arrangements described in Part 10 of the Fee Rule for credit unions sector assessments. FSRA is not otherwise currently making any recommendations with respect to the amendment or revocation of a regulation or provision in a regulation that relates to the implementation of the Fee Rule. FSRA expects that in due course certain regulations or provisions in regulations will be amended or revoked in a manner consistent with the intent of the Fee Rule.

## **Text of Fee Rule**

For the text of the Fee Rule and a blackline showing changes to the Revised Fee Rule, please see Appendices C and D, respectively, to this Notice. A blackline of the Revised Fee Rule to the Proposed Fee Rule was attached as appendix D to the Second Consultation Notice (see [https://www.fsrao.ca/assets/consultations/FSRA\\_Rule\\_2019-001\\_EN\\_20190204.pdf](https://www.fsrao.ca/assets/consultations/FSRA_Rule_2019-001_EN_20190204.pdf)).

## **Questions**

FSRA will be pleased to answer questions concerning the Fee Rule. Questions may be submitted online.

## **APPENDIX A TO NOTICE OF FINAL RULE 2019-001 – ASSESSMENTS AND FEES**

### **LIST OF COMMENTERS DURING THE SECOND CONSULTATION PERIOD**

1. Mainstreet Credit Union
2. Dr. Ted Gall
3. Trina Ting
4. Dr. Harald Kreps
5. Erika Kuehnel
6. Insurance Bureau of Canada
7. Intact Insurance
8. Canadian Credit Union Association
9. Travelers Canada

A list of commenters during the First Consultation Period was attached as Appendix A to the Second Consultation Notice (see [https://www.fsrao.ca/assets/consultations/FSRA\\_Rule\\_2019-001\\_EN\\_20190204.pdf](https://www.fsrao.ca/assets/consultations/FSRA_Rule_2019-001_EN_20190204.pdf)).

## APPENDIX B TO NOTICE OF FINAL RULE 2019-001 – ASSESSMENTS AND FEES

### SUMMARY OF COMMENTS RECEIVED DURING THE SECOND CONSULTATION PERIOD AND FSRA RESPONSES

FSRA would like to thank the individuals and organizations who invested the time and effort to develop comments on the Revised Fee Rule. FSRA, with the assistance of external advisers, has carefully considered all comments received.

Below is a synthesis of all comments received. Comments expressing a similar theme have been grouped together, with a summary of the comments provided and FSRA's response to those comments. Individual comments remain on FSRA's website at <https://www.fsrao.ca/en/consultations/assessment-and-fees?view=comments> if you would like to review the comments FSRA received.

Item #	Section Reference	Theme	Summary of Issues/Comments	Response
1		Support for Fee Rule Principles and FSRA consultation approach	Two commenters (one insurance company and one insurance sector association) provided support for the Fee Rule and its underlying principles (" <b>Fee Rule Principles</b> "). One of the commenters specifically stated that the Fee Rule reflects FSRA's commitment to "sound, fair, and realistically flexible management of its budgetary responsibilities".	No response required
2	Section 10.2	General Acceptance of Fee Rule	Two commenters support taking a transitional year to implement the use of risk weighted assets as the base for fee assessments.	No response required.
3		Draft Budget and Priorities	One industry association provided comments about expected cost savings arising from the merger of DICO with FSCO.	No change to the Revised Fee Rule is proposed by FSRA.  Fee assessments for all sectors have been established in accordance with the broadly supported Fee Rule Principles and are

Item #	Section Reference	Theme	Summary of Issues/Comments	Response
				<p>dependent on the regulatory activities and costs of that sector. As this consultation is on the Fee Rule and FSRA's Draft 2019-20 Priorities and Budget (the "<b>Draft Budget and Priorities</b>") was the subject of a separate consultation which completed on February 14, 2019, we encourage stakeholders to view FSRA's responses to comments received during that consultation period at <a href="https://www.fsrao.ca/en/consultations/draft-2019-20-priorities-budget?view=comments">https://www.fsrao.ca/en/consultations/draft-2019-20-priorities-budget?view=comments</a></p>
<p><b>Part 3 Credit Unions Sector Assessments and Fees</b></p>				
4	Section 3.1	Capping Future Fee Increases	One industry association requested that FSRA commit to limit future sector fee increases to CPI over the next 5 years.	<p>No change to the Revised Fee Rule is proposed by FSRA.</p> <p>As previously stated in Appendix B, item 13 (page 11) of the Second Consultation Notice (see <a href="https://www.fsrao.ca/assets/consultations/FSRA_Rule_2019-001_EN_20190204.pdf">https://www.fsrao.ca/assets/consultations/FSRA_Rule_2019-001_EN_20190204.pdf</a>), an approach which fixes increases to a set amount is not consistent with the Fee Rule Principles of fairness and no cross-subsidization – e.g. all sectors should bear their own direct costs and pay their fair share of common costs. As set forth in FSRA's Draft Budget and Priorities, FSRA's credit union related costs support credit union activities and need to be recovered from credit unions. If future regulatory activities and sector assessments increase or decrease, this will impact future costs.</p>

Item #	Section Reference	Theme	Summary of Issues/Comments	Response
<b>Part 4 Insurance Sector Assessments and Fees</b>				
5	4.1 Assessments	Preference to avoid intra-sector subsidization	One commenter, in expressing agreement with the Fee Rule Principles of consistency, fairness and the avoidance of cross sector subsidization also noted that “intra-sector subsidization or inequities should be avoided.” The commenter suggested that any future revisions to the Fee Rule should include additional activity or cost-based fees.	<p>No change to the Revised Fee Rule is proposed by FSRA.</p> <p>As previously stated in Appendix B, item 4 (page 3) of the Second Consultation Notice (see <a href="https://www.fsrao.ca/assets/consultations/FSRA_Rule_2019-001_EN_20190204.pdf">https://www.fsrao.ca/assets/consultations/FSRA_Rule_2019-001_EN_20190204.pdf</a>), FSRA is committed to the regular review of the Fee Rule to ensure that it remains in line with required regulatory activity.</p> <p>FSRA will leverage new data collected through the setup of the organization’s information technology systems to assess fixed versus variable approaches, and to identify opportunities for additional activity or cost-based fees (to more fairly allocate costs), and make adjustments where required when the regular review of the Fee Rule occurs.</p>
6	4.1 Assessments	Insurance Sector Budget Costs	One commenter raised a concern related to the increasing budgetary costs and its related impact on its affordability on auto insurance products in the province.	<p>No change to the Revised Fee Rule is proposed by FSRA.</p> <p>As this comment does not specifically apply to the Revised Fee Rule and the budget consultation period is now closed, we encourage stakeholders to view FSRA’s responses to comments received during that consultation period <a href="https://www.fsrao.ca/en/consultations/draft-2019-20-priorities-budget?view=comments">https://www.fsrao.ca/en/consultations/draft-2019-20-priorities-budget?view=comments</a>.</p>

Item #	Section Reference	Theme	Summary of Issues/Comments	Response
7	4.1 Assessments	Fixed rates for auto approval	<p>One commenter suggested that Auto Rate Approval assessment fees should be a fixed rate for auto rate filings. They suggested that costs required to review a rate filing are not correlated with the size of the insurer, and that the proposed approach will result in larger companies subsidizing the rate filing costs for smaller players.</p>	<p>No change to the Revised Fee Rule is proposed by FSRA.</p> <p>FSRA does not currently have sufficient data related to the time/cost estimates associated with rate filings of different complexities and frequencies. As such, it is not possible at this time to have a fixed fee for each auto insurance rate filing.</p> <p>As previously stated in Appendix B, Item 22 (page16) of the Second Consultation Notice (see <a href="https://www.fsrao.ca/assets/consultations/FSRA_Rule_2019-001_EN_20190204.pdf">https://www.fsrao.ca/assets/consultations/FSRA_Rule_2019-001_EN_20190204.pdf</a>), FSRA is committed to the regular review of the Fee Rule to ensure that it remains in line with required regulatory activity. FSRA will leverage new data collected through the setup of the organization's information technology systems to assess fixed versus variable approaches, and to identify opportunities for additional activity or cost-based fees (to more fairly allocate costs), and make adjustments where required when the regular review of the Fee Rule occurs.</p> <p>FSRA also notes that the volume of applications is not the only determining factor in the cost for FSRA as some insurers (including 'large' and 'small' insurers) may have straightforward infrequent applications and while others (including 'large' and 'small' insurers) may have frequent, complex or contested applications,</p>

Item #	Section Reference	Theme	Summary of Issues/Comments	Response
				<p>Without data to accurately assess cost per application, FSRA is not in a position at this time to make an evidence-informed decision regarding an activity (i.e. filing) based pricing structure of rate filings.</p> <p>FSRA has committed to make every reasonable attempt to better capture this data in the future and will use it to inform future consideration of filing-based activity fees.</p>
8	Section 4.1	Regulatory Burden Reduction	One commenter highlighted the importance of reducing 'burdensome red tape' associated with rate filings. The comment specifically requests that FSRA transition to a "use-and-file" rate system.	<p>No change to the Revised Fee Rule is proposed by FSRA.</p> <p>While this suggestion is not the focus of the current Fee Rule consultation, we welcome all suggestions on how to minimize red tape burdens to our regulated community. FSRA is committed to being an efficient and effective regulator that works to ensure low administrative burden for regulated entities</p> <p>As previously stated in Appendix B, Item 20 (page 20) of the Second Consultation Notice (see <a href="https://www.fsrao.ca/assets/consultations/FSRA_Rule_2019-001_EN_20190204.pdf">https://www.fsrao.ca/assets/consultations/FSRA_Rule_2019-001_EN_20190204.pdf</a>) and outlined in the Draft Budget and Priorities (see (see <a href="https://www.fsrao.ca/assets/consultations/FSRA_Proposed_2019-20_Priorities_and_Budget_final_20190121.pdf">https://www.fsrao.ca/assets/consultations/FSRA_Proposed_2019-20_Priorities_and_Budget_final_20190121.pdf</a>), FSRA is committed to working with the</p>

Item #	Section Reference	Theme	Summary of Issues/Comments	Response
				Ministry of Finance to modernize the auto insurance rate regulation framework.
9	Section 4.1	Scaling approach for Market Conduct Fee Assessments	One commenter requested that FSRA consider a “scaling approach” for fee assessments for market conduct regulatory activities. The commenter suggested that market conduct activities are not directly proportional to an insurer’s Direct Written Premiums. The commenter cited an example of membership fees for an industry association as an application of a step-scale approach to assessments.	<p>No change to the Revised Fee Rule is proposed by FSRA.</p> <p>Direct written premiums were identified and widely supported as the most appropriate proxy currently available to estimate the proportion of market conduct-related regulatory activity for insurers.</p> <p>Today FSRA lacks evidence that market conduct activities are not directly proportional to an insurer’s Direct Written Premium.</p> <p>FSRA appreciates the example provided by the commenter and would welcome any evidence available to inform future reviews of the Fee Rule.</p> <p>As previously stated in Appendix B, Item 22 (page16) of the Second Consultation Notice (see <a href="https://www.fsrao.ca/assets/consultations/FSRA_Rule_2019-001_EN_20190204.pdf">https://www.fsrao.ca/assets/consultations/FSRA_Rule_2019-001_EN_20190204.pdf</a>), FSRA is committed to the regular review of the Fee Rule to ensure that it remains in line with required regulatory activity.</p> <p>FSRA will leverage new data collected through the setup of the organization’s information technology systems to assess fixed versus variable approaches, and to identify opportunities for additional activity or</p>

Item #	Section Reference	Theme	Summary of Issues/Comments	Response
				cost-based fees (to more fairly allocate costs), and make adjustments where required when the regular review of the Fee Rule occurs
10	Section 4.3	Support for HSP Small Volume Fee Exemption	<p>Two commenters support an exemption from annual Health Service Provider (HSP) fees for service providers with 6 or fewer statutory accident benefits schedule (SABS) claims.</p> <p>One commenter supports either an exemption or a tiered fee approach with escalating fees for providers who treat 1-6 claimants, 7-15 claimants, and 16+ claimants.</p> <p>One commenter did not specifically respond to the decision to maintain status quo HSP fees but argued that:</p> <ul style="list-style-type: none"> <li>• Fees act as a barrier to quality, evidence informed patient care.</li> <li>• Fees discourage smaller providers from providing treatment to motor vehical injury claimants.</li> <li>• Providers unwilling to pay HSP fees results in their patients moving to other providers with no record of a patient’s history, preferences or goals – making care more costly and less efficient.</li> <li>• Fee rules incentivize larger/chain clinics who may offer less personalized care and more protracted courses of recovery.</li> </ul>	<p>FSRA is committed to the principle that costs for administering regulatory requirements for each sector it is responsible for regulating should be fully recovered by the entities subject to regulatory oversight.</p> <p>FSRA appreciates these concerns about fees and the potential impact on patients of service providers with a relatively small practice in treating auto insurance injuries. Based on comments FSRA received (see <a href="https://www.fsrao.ca/en/consultations/assessment-and-fees?view=comments">https://www.fsrao.ca/en/consultations/assessment-and-fees?view=comments</a>) to its initial proposal to address this issue, FSRA has included the full rationale for its decision to maintain a status quo approach to fees in the Fee Rule (see page 2 of the <a href="https://www.fsrao.ca/assets/consultations/FSRA_Rule_2019-001_EN_20190204.pdf">https://www.fsrao.ca/assets/consultations/FSRA Rule 2019-001 EN 20190204.pdf</a>).</p> <p>FSRA has identified the HSP regulatory framework including its costs and effectiveness as an area requiring further review (see section 8.1.3 of FSRA’s Draft Budget and Priorities which was published on FSRA’s website at <a href="https://www.fsrao.ca/assets/consultations/FSRA_Proposed_2019-20_Priorities_and_Budget_final_20190121.pdf">https://www.fsrao.ca/assets/consultations/FSRA Proposed 2019-20 Priorities and Budget final 20190121.pdf</a> on January 21, 2019).</p>

Item #	Section Reference	Theme	Summary of Issues/Comments	Response
			<ul style="list-style-type: none"> <li data-bbox="701 285 1323 415">• Fees run counter to current measures under the Ontario government in recent years to deliver the “right care to the right patient at the right time”.</li> </ul>	<p data-bbox="1348 285 1942 509">FSRA is committed to working with stakeholders and the Ministry of Finance to review the future approach to Health Service Provider regulation. This review can consider incentives created by fees and result in reconsideration of aspects related to HSPs in the Fee Rule.</p>
11	Section 4.3	Support for Revised Fee Rule with No Exemptions	<p data-bbox="701 545 1323 841">One insurance sector association and an insurance provider each submitted responses which support FSRA’s Revised Fee Rule for HSPs that does not exempt small volume providers from fees. They highlight the improper business practices harms (such as fraud and abuse) that led to the initial decision to require licensing in the sector and note that these harms are not firm size-specific.</p>	<p data-bbox="1348 545 1642 574">No response required.</p>
<b>Part 5 Loan and Trust Sector Assessments and Fees</b>				
No submissions were received relating to this sector.				
<b>Part 6 Mortgage Brokering Sector Assessments and Fees</b>				
No submissions were received relating to this sector.				
<b>Part 7 Pension Sector Assessments and Fees</b>				
No submissions were received relating to this sector.				

A summary of the comments received during the First Consultation Period, and FSRA's responses, was attached to as Appendix B to the Second Consultation Notice (see [https://www.fsrao.ca/assets/consultations/FSRA\\_Rule\\_2019-001\\_EN\\_20190204.pdf](https://www.fsrao.ca/assets/consultations/FSRA_Rule_2019-001_EN_20190204.pdf)).

**APPENDIX C TO NOTICE OF FINAL RULE 2019-001 – ASSESSMENTS AND FEES**

**FEE RULE**

**FINANCIAL SERVICES REGULATORY AUTHORITY OF ONTARIO  
RULE 2019 – 001  
ASSESSMENTS AND FEES**

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**FINANCIAL SERVICES REGULATORY AUTHORITY OF ONTARIO**  
**RULE 2019 – 001**  
**ASSESSMENTS AND FEES**

**PART 1 INTERPRETATION**

**1.1 Definitions**

- (1) In this Rule,
- (a) “assessment” means an assessment for the purposes of subsection 21(2) of the FSRA Act;
  - (b) “assessment period” means the fiscal year of the Authority or other period of time with respect to which the Authority makes an assessment under this Rule;
  - (c) “Authority” means the Financial Services Regulatory Authority of Ontario continued under subsection 2(1) of the FSRA Act;
  - (d) “Board” means the board of directors of the Authority;
  - (e) “Chief Executive Officer” means the Chief Executive Officer of the Authority appointed under subsection 10(2) of the FSRA Act;
  - (f) “common costs” in respect of a particular assessment period means the expenses and expenditures of the Authority which the Authority determines or estimates are not direct costs in respect of any particular regulated sector in respect of that assessment period, including all amounts in respect of the contingency reserve amount, as set out in the final budget;
  - (g) “contingency reserve amount” means the amount described in subsection 2.3(1);
  - (h) “credit union” means a credit union or caisse populaire to which the *Credit Unions and Caisses Populaires Act, 1994* applies;
  - (i) “credit unions sector” means the sector referred to in clause (a) of the definition of “regulated sector” in section 1 of the FSRA Act;
  - (j) “direct costs” in respect of a particular regulated sector and a particular assessment period means the expenses and expenditures of the Authority which the Authority determines or estimates directly relate to the particular regulated sector in respect of that assessment period, as set out in the final budget;
  - (k) “fee” means a fee for the purposes of subsection 21(2) of the FSRA Act and, where applicable, for the purposes of the statute to which a regulated sector is subject, including fees payable with respect to activities or events related to a person or entity in a regulated sector;
  - (l) “final budget” means, in respect of an assessment period, the budget approved by the Board and posted on the website of the Authority prior to the commencement of that assessment period;
  - (m) “fiscal year” means April 1st to March 31st;

- (n) “fixed rate sector” means the mortgage brokering sector;
- (o) “fixed rate sector common cost contribution” means in respect of the fixed rate sector, the difference, positive or negative, between the total fees that the Authority estimates will be charged in respect of the fixed rate sector in respect of an assessment period and the total estimated direct costs of the fixed rate sector in respect of that assessment period, all as set out in a budget prepared by the Authority under section 2.1;
- (p) “FSRA Act” means the *Financial Services Regulatory Authority of Ontario Act, 2016*;
- (q) “insurance sector” means the sector referred to in clause (b) of the definition of “regulated sector” in section 1 of the FSRA Act;
- (r) “loan and trust sector” means the sector referred to in clause (c) of the definition of “regulated sector” in section 1 of the FSRA Act;
- (s) “Minister” means the Minister of Finance or such other person as may be assigned the administration of the FSRA Act under the *Executive Council Act*;
- (t) “Ministry” has the same meaning as applies to that term in the FSRA Act;
- (u) “mortgage brokering sector” means the sector referred to in clause (d) of the definition of “regulated sector” in section 1 of the FSRA Act;
- (v) “pension sector” means the sector referred to in clause (e) of the definition of “regulated sector” in section 1 of the FSRA Act;
- (w) “PRPP sector” means the sector that is referred to in clause (f) of the definition of “regulated sector” in section 1 of the FSRA Act;
- (x) “regulated sector” means the credit unions sector, the insurance sector, the loan and trust sector, the mortgage brokering sector, the pension sector, and the PRPP sector;
- (y) “the Crown” has the same meaning as set out in section 87 of the *Legislation Act, 2006*; and
- (z) “variable rate sectors” means the credit unions sector, the insurance sector, the loan and trust sector, and the pension sector.

## 1.2 Interpretation

- (1) The Authority’s expenses and expenditures that may be recovered through assessments and fees in respect of one or more assessment periods includes, as the Board determines is appropriate in the Authority’s final budget, amounts in respect of the expenses and expenditures incurred and made by the Authority in the period ending immediately prior to the time at which the Authority begins to carry out the regulatory functions contemplated by the FSRA Act.
- (2) The Authority’s expenses and expenditures that may be recovered through assessments and fees in respect of one or more assessment periods may include amounts assessed by the Lieutenant Governor in Council in respect of:

- (a) the Ministry's expenses and expenditures referred to in section 15 of the FSRA Act; and
  - (b) the Financial Services Tribunal's and the Ministry's expenses and expenditures referred to in section 15 of the *Financial Services Tribunal Act, 2017*.
- (3) References in this Rule to the Chief Executive Officer include a reference to an authorized delegate of the Chief Executive Officer.
  - (4) Words and phrases not defined in this Rule have the same meaning as ascribed thereto under section 1 of the FSRA Act, unless a contrary intention appears.
  - (5) Every use of the words "including" or "includes" in this Rule is to be construed as meaning "including, without limitation" or "includes, without limitation", respectively.

## **PART 2 SECTORAL ASSESSMENT PROCESS**

### **2.1 Preparation of Budgets by Authority**

- (1) In respect of each assessment period, the Authority shall prepare a draft budget which sets out:
  - (a) the estimated total expenses and expenditures of the Authority in respect of the assessment period and a description of the direct costs estimated for each regulated sector and the common costs estimated for the Authority;
  - (b) the total fees that the Authority estimates will be charged in respect of the regulated sectors in respect of the assessment period; and
  - (c) the total estimated assessment in respect of each regulated sector and within such sector, as applicable.
- (2) The Authority shall post the draft budget on the website of the Authority on a date to be determined by the Authority and may undertake consultation with the regulated sectors as determined appropriate by the Authority to assist it in finalizing such budget.
- (3) The Authority shall post the final budget in respect of an assessment period on the website of the Authority on a date to be determined by the Authority. Invoices for assessments in respect of variable rate sectors will only be issued after the Authority posts such final budget.

### **2.2 Determination and Allocation of Direct Costs and Common Costs by Regulated Sector**

- (1) In respect of the estimated total expenses and expenditures of the Authority in respect of an assessment period, each budget prepared by the Authority under section 2.1 shall set out the direct costs in respect of each regulated sector and within such sector, as applicable, in respect of the assessment period covered by the budget, together with the aggregate common costs in respect of the assessment period.
- (2) Each budget prepared by the Authority under section 2.1 shall allocate the common costs in respect of the assessment period covered by the budget among the regulated sectors on such basis as the Authority determines appropriate; provided that unless otherwise

specified by the Authority in the budget, common costs remaining after the fixed rate sector common cost contribution estimate is deducted from the overall common cost estimate in respect of the assessment period covered by the budget shall be allocated in the budget among the variable rate sectors based on their *pro rata* share of the aggregate direct costs of the variable rate sectors in respect of that assessment period.

### **2.3 Contingency Reserve Amount**

- (1) If determined appropriate by the Authority, the common costs in respect of an assessment period may include an amount to pay expenses and expenditures of the Authority in respect of the assessment period which cannot reasonably be estimated and determined to be direct costs or common costs or in respect of a particular regulated sector, but which the Board determines are appropriate to include in the final budget in respect of unforeseeable events or circumstances.
- (2) The contingency reserve amount included as common costs in a budget prepared by the Authority under section 2.1 in respect of a particular assessment period shall not exceed \$4 million.
- (3) No amount in respect of the contingency reserve amount shall be used or applied by the Authority, except as authorized by the Board.
- (4) If the Board authorizes all or a portion of an existing contingency reserve amount to be used or applied by the Authority in an assessment period, the subsequent budget will include as a direct cost any contingency reserve amount used or applied by the Authority in respect of a variable rate sector identified by the Board and the contingency reserve amount that may be included as common costs in a budget prepared by the Authority under section 2.1 for a subsequent assessment period may be increased by the amount remaining after the direct costs referred to in this subsection 2.3(4) and recovered from a variable rate sector are deducted from the contingency reserve amount used or applied.
- (5) If any portion of a contingency reserve amount is unused at the end of an assessment period, it shall be held as a contingency reserve amount for the next assessment period and the contingency reserve amount included in the budget for the next assessment period shall be reduced by such unused amount.

## **PART 3 CREDIT UNIONS SECTOR ASSESSMENTS AND FEES**

### **3.1 Assessments**

- (1) Definitions – In this section 3.1,
  - (a) “budgeted credit unions sector expenses and expenditures for the assessment period” means, in respect of a particular assessment period, the total amount of direct costs of, and common costs that the Authority allocates to, the credit unions sector in respect of the assessment period, as set out in the final budget;
  - (b) “budgeted credit unions sector fees for the assessment period” means, in respect of a particular assessment period, the total amount of fees that the Authority estimates will be charged to credit unions in respect of the assessment period, as set out in the final budget;
  - (c) “league” means a league to which the *Credit Unions and Caisses Populaires Act, 1994* applies; and

- (d) “RWA” means, with respect to a credit union, the amount calculated in accordance with section 18 of Ontario Regulation 237/09 and set forth as the credit union’s risk weighted assets in the most recent monthly information return filed under section 225 or 226 of the *Credit Unions and Caisses Populaires Act, 1994* on or before a date determined by the Authority for the purposes of preparing a final budget.
- (2) A credit union’s share of an assessment of the credit unions sector under subsection 21(2) of the FSRA Act for an assessment period is the amount calculated using the formula,

$$(A - B) \times C/D$$

in which,

“A” is the total of all budgeted credit unions sector expenses and expenditures for the assessment period,

“B” is the total of all budgeted credit unions sector fees for the assessment period,

“C” is the amount of the RWA of the credit union, and

“D” is the amount of the total RWA of all credit unions excluding the RWA of all leagues.

- (3) A league’s share of an assessment of the credit unions sector under subsection 21(2) of the FSRA Act for an assessment period is zero.
- (4) A credit union shall pay its assessment within 30 days after the date of the invoice for the assessment in the manner and to the account specified by the Authority in such invoice.<sup>1</sup>

### 3.2 Fees

- (1) The fees payable with respect to matters under the *Credit Unions and Caisses Populaires Act, 1994* are listed opposite the description in the following table.

DESCRIPTION	FEE
Application for incorporation of a credit union or caisse populaire – <i>Credit Unions and Caisses Populaires Act, 1994</i> , section 15	\$2,500 per application
Approval of the articles of incorporation – <i>Credit Unions and Caisses Populaires Act, 1994</i> , subsection 16(1)	\$2,500 per approval
Application for receipt for an offering statement based on face amount – <i>Credit Unions and Caisses Populaires Act, 1994</i> , subsection 77(1)	Lesser of: <ul style="list-style-type: none"> <li>\$2,500 plus 50 basis points (i.e., \$2,500 + 0.50% of the maximum aggregate dollar amount of securities offered); and</li> </ul>

<sup>1</sup> Assessments in respect of the Deposit Insurance Reserve Fund are not covered by this Rule. They continue to be covered by subsection 276.1(1) of the *Credit Unions and Caisses Populaires Act, 1994*.

	<ul style="list-style-type: none"> <li>• \$25,000</li> </ul> per application
Application by extra-provincial credit union for registration - Credit Unions and Caisses Populaires Act, 1994, section 332	\$500 per application

- (2) Fees not refundable – A fee paid by person or entity under this section 3.2 is not refundable and may not be credited toward any subsequent fee payable by the person or entity.

## PART 4 INSURANCE SECTOR ASSESSMENTS AND FEES

### 4.1 Assessments

- (1) Definitions – In this section 4.1,
- (a) “accident and sickness insurance” has the meaning ascribed to that term in an order made under section 43 of the *Insurance Act*;
  - (b) “accident, sickness and life insurance” means either or both accident and sickness insurance and life insurance;
  - (c) “accident, sickness and life insurance market conduct activities” means those activities of the Authority identified by the Authority as related to regulating the market conduct of insurers (and their agents and other representatives or distribution channel participants) providing accident, sickness and life insurance in Ontario and other activities of the Authority related to regulating and supervising accident, sickness and life insurance which are not related to conducting prudential, capital adequacy, liquidity or solvency supervision;
  - (d) “automobile insurance” has the meaning ascribed to that term in an order made under section 43 of the *Insurance Act*;
  - (e) “automobile insurance rate approval activities” means those activities of the Authority identified by the Authority as related to rate approval for automobile insurance in Ontario including all activities of the Authority relating to holders of a service provider’s licence under Part VI (Automobile Insurance) of the *Insurance Act*;
  - (f) “direct written premiums for accident, sickness and life insurance” means, with respect to an insurer at any particular point in time, the premiums paid to the insurer for accident, sickness and life insurance in Ontario as reflected in its most recent filings made under section 102 of the *Insurance Act*, other than premiums for accident, sickness and life insurance paid to the insurer under agreements for reinsurance;
  - (g) “direct written premiums for accident and sickness insurance” means, with respect to an insurer at any particular point in time, the premiums paid to the insurer for accident and sickness insurance in Ontario as reflected in its most recent filings made under section 102 of the *Insurance Act*, other than premiums for accident and sickness insurance paid to the insurer under agreements for reinsurance;

- (h) “direct written premiums for automobile insurance” means, with respect to an insurer at any particular point in time, the premiums paid to the insurer for automobile insurance in Ontario as reflected in its most recent filings made under section 102 of the *Insurance Act*, other than premiums for automobile insurance paid to the insurer under agreements for reinsurance;
- (i) “direct written premiums for property and casualty insurance” means, with respect to an insurer at any particular point in time, the premiums paid to the insurer for property and casualty insurance in Ontario as reflected in its most recent filings made under section 102 of the *Insurance Act*, other than premiums for property and casualty insurance paid to the insurer under agreements for reinsurance, and for greater certainty includes direct written premiums for automobile insurance;
- (j) “fraternal society” means a society, order or association incorporated for the purpose of making with its members only, and not for profit, contracts of life insurance or accident and sickness insurance in accordance with its constitution, by-laws and rules and the *Insurance Act*;
- (k) “insurance” has the meaning ascribed to that term in section 1 of the *Insurance Act*;
- (l) “insurance prudential supervision activities” means those activities of the Authority identified by the Authority as related to conducting prudential, capital adequacy, liquidity and solvency supervision of Ontario prudentially regulated insurers;
- (m) “insurer” has the meaning ascribed to that term in section 1 of the *Insurance Act*;
- (n) “life insurance” has the meaning ascribed to that term in an order made under section 43 of the *Insurance Act*;
- (o) “Ontario prudentially regulated insurer” means an insurer that is organized or incorporated under the laws of Ontario and that is providing either or both:
  - (i) property and casualty insurance; or
  - (ii) accident and sickness insurance,

other than insurers that are members of the Fire Mutuals Guarantee Fund, save and except for a mutual insurance corporation described in subsection 148(3) of the *Corporations Act*;
- (p) “property and casualty insurance” means insurance other than accident and sickness insurance and life insurance;
- (q) “property and casualty insurance market conduct activities” means those activities of the Authority identified by the Authority as related to regulating the market conduct of insurers (and their agents and other representatives or distribution channel participants) providing property and casualty insurance in Ontario and other activities of the Authority related to regulating and supervising property and casualty insurance other than:
  - (i) automobile rate insurance approval activities; and

- (ii) insurance prudential supervision activities;
- (r) “total budgeted expenses and expenditures for accident, sickness and life insurance market conduct activities” means, in respect of a particular assessment period, the total amount of direct costs of, and common costs that the Authority allocates to, accident, sickness and life insurance market conduct activities within the insurance sector in respect of the assessment period, as set out in the final budget;
- (s) “total budgeted expenses and expenditures for automobile insurance rate approval activities” means, in respect of a particular assessment period, the total amount of direct costs of, and common costs that the Authority allocates to, automobile insurance rate approval activities within the insurance sector, including expenses and expenditures for activities of the Authority relating to holders of a service provider’s licence under Part VI (Automobile Insurance) of the *Insurance Act*, in respect of the assessment period, as set out in the final budget,
- (t) “total budgeted expenses and expenditures for insurance prudential supervision activities” means, in respect of a particular assessment period, the total amount of direct costs of, and common costs that the Authority allocates to, insurance prudential supervision activities within the insurance sector in respect of the assessment period, as set out in the final budget;
- (u) “total budgeted expenses and expenditures for property and casualty insurance market conduct activities” means, in respect of a particular assessment period, the total amount of direct costs of, and common costs that the Authority allocates to, property and casualty insurance market conduct activities within the insurance sector in respect of the assessment period, as set out in the final budget;
- (v) “total budgeted fees for accident, sickness and life insurance market conduct activities” means, in respect of a particular assessment period, the total amount of fees that the Authority estimates will be charged in respect of accident, sickness and life insurance market conduct activities in respect of the assessment period, as set out in the final budget;
- (w) “total budgeted fees for automobile insurance rate approval activities” means, in respect of a particular assessment period, the total amount of fees that the Authority estimates will be charged in respect of automobile insurance rate approval activities in respect of the assessment period including, those fees in respect of service providers contemplated by section 4.3, as set out in the final budget;
- (x) “total budgeted fees for property and casualty insurance market conduct activities” means, in respect of a particular assessment period, the total amount of fees that the Authority estimates will be charged in respect of property and casualty insurance market conduct activities in respect of the assessment period, as set out in the final budget;
- (y) “total budgeted fees for insurance prudential supervision activities” means, in respect of a particular assessment period, the total amount of fees that the Authority estimates will be charged in respect of insurance prudential supervision activities in respect of the assessment period, as set out in the final budget;

- (2) The direct costs of, and the common costs that the Authority allocates to, the insurance sector in respect of the assessment period under Part 2 shall, in the case of direct costs be further determined or estimated as directly related to automobile insurance rate approval activities, property and casualty insurance market conduct activities, accident, sickness and life insurance market conduct activities or insurance prudential supervision activities, and in the case of common costs be further allocated within the insurance sector in accordance with this section 4.1.
- (3) An insurer's share of an assessment of the insurance sector under subsection 21(2) of the FSRA Act for an assessment period is the following:
- (a) for an insurer in respect of automobile insurance rate approval activities, the share calculated in accordance with subsection 4.1(4);
  - (b) for an insurer in respect of property and casualty insurance market conduct activities, the share calculated in accordance with subsection 4.1(5);
  - (c) for an insurer in respect of accident, sickness and life insurance market conduct activities, the share calculated in accordance with subsection 4.1(6); and
  - (d) for an Ontario prudentially regulated insurer in respect of insurance prudential supervision activities, the share calculated in accordance with subsection 4.1(7),

provided however that each insurer other than a fraternal society shall pay a minimum assessment of \$1,000 and each fraternal society shall pay a minimum assessment of \$100.

- (4) For the purposes of paragraph 4.1(3)(a), an insurer's share of an assessment of the insurance sector for an assessment period in respect of automobile insurance rate approval activities is the amount calculated using the formula,

$$(A/B) \times (C-D)$$

in which,

"A" is the insurer's direct written premiums for automobile insurance,

"B" is the total insurance sector direct written premiums for automobile insurance,

"C" is the total budgeted expenses and expenditures for automobile insurance rate approval activities, and

"D" is the total budgeted fees for automobile insurance rate approval activities.

- (5) For the purposes of paragraph 4.1(3)(b), an insurer's share of an assessment of the insurance sector for an assessment period in respect of property and casualty insurance market conduct activities is the amount calculated using the formula,

$$(A/B) \times (C-D)$$

in which,

"A" is the insurer's direct written premiums for property and casualty insurance,

“B” is the total insurance sector direct written premiums for property and casualty insurance,

“C” is the total budgeted expenses and expenditures for property and casualty insurance market conduct activities, and

“D” is the total budgeted fees for property and casualty insurance market conduct activities.

- (6) For the purposes of paragraph 4.1(3)(c), an insurer’s share of an assessment of the insurance sector for an assessment period in respect of accident, sickness and life insurance market conduct activities is the amount calculated using the formula,

$$(A/B) \times (C-D)$$

in which,

“A” is the insurer’s direct written premiums for accident, sickness and life insurance,

“B” is the total insurance sector direct written premiums for accident, sickness and life insurance,

“C” is the total budgeted expenses and expenditures for accident, sickness and life insurance market conduct activities, and

“D” is the total budgeted fees for accident, sickness and life insurance market conduct activities.

- (7) For the purposes of paragraph 4.1(3)(d), an Ontario prudentially regulated insurer’s share of an assessment of the insurance sector for an assessment period in respect of insurance prudential supervision activities is the amount calculated using the formula,

$$(A/B) \times (C-D)$$

in which,

“A” is the Ontario prudentially regulated insurer’s direct written premiums for property and casualty insurance and direct written premiums for accident and sickness insurance,

“B” is the total direct written premiums for property and casualty insurance and direct written premiums for accident and sickness insurance of all Ontario prudentially regulated insurers,

“C” is the total budgeted expenses and expenditures for insurance prudential supervision activities, and

“D” is the total budgeted fees for insurance prudential supervision activities.

- (8) An insurer shall pay its assessments within 30 days after the date of the invoice for the assessment in the manner and to the account specified by the Authority in such invoice.

## 4.2 Fees (General)

- (1) The fees payable with respect to matters under the *Insurance Act* are listed opposite the description in the following table.

DESCRIPTION	FEES
Licence application fee for a new Ontario incorporated insurer – <i>Insurance Act</i> , subsection 42(1)	\$4,000 per application
Agent and adjuster licence fees:	
a) Agent licence fee - <i>Insurance Act</i> , subsection 392.3(1)	a) \$150 per 2-year licence
b) Corporation agent licence fee - <i>Insurance Act</i> , subsection 400(1)	b) \$400 per 2-year licence
c) Partnership agent licence fee - <i>Insurance Act</i> , subsection 399(1)	c) \$200 per 2-year licence
d) Adjuster licence fee - <i>Insurance Act</i> , section 397	d) \$75 per 1-year licence
e) Adjuster licence fee for a partnership ( <i>Insurance Act</i> , subsection 399(1)), or a corporation ( <i>Insurance Act</i> , subsection 400(1))	e) \$200 per 1-year licence
Certificate issued by Chief Executive Officer - <i>Insurance Act</i> , subsection 25(2)	\$25 per certificate
Photocopying: rate manuals per category of automobile insurance	\$100

- (2) Fees not refundable – A fee paid by person or entity under this section 4.2 is not refundable and may not be credited toward any subsequent fee payable by the person or entity.

## 4.3 Fees (Service Providers)

- (1) The fees payable under the *Insurance Act* relating to service providers are the amounts determined according to this section 4.3.
- (2) Definitions - In this section 4.3,
- (a) “listed expenses” means listed expenses in connection with statutory accident benefits within the meaning of section 288.1 of the *Insurance Act*;
- (b) “number of claimants” means the total number of persons in respect of whom the applicant for a service provider’s licence or the licensee, as applicable, received payment for one or more listed expenses in the calendar year prior to the year in which payment of the applicant’s regulatory fee or the licensee’s annual regulatory fee is required, calculated per accident; and
- (c) “number of locations” means,

- (i) in respect of an applicant for a service provider’s licence, the number of physical locations at which the applicant intends to operate a business that could give rise to listed expenses;
  - (ii) in respect of a licensed service provider that was licensed and operated a business in the calendar year prior to the year in which payment of the annual regulatory fee is required, the number of physical locations at which the licensee operated the business, while licensed, that gave rise or could have given rise to listed expenses in that calendar year, or
  - (iii) in respect of any other licensed service provider, the number of physical locations in respect of which the licence was issued.
- (3) Service provider licence application fee – A person or entity who applies for a service provider’s licence shall pay a licence application fee of \$337.00 when the licence application is submitted to the Chief Executive Officer.
- (4) Applicant’s regulatory fee – A person or entity who applies for a service provider’s licence shall pay a pro-rated applicant’s regulatory fee when the licence application is submitted to the Chief Executive Officer, calculated using the formula,

$$(A + B) \times (X/12)$$

in which,

“A” is \$128.00 multiplied by the number of locations of the applicant,

“B” is \$15.00 multiplied by the number of claimants of the applicant, if any, and

“X” is the number of whole and partial calendar months remaining in the fiscal year, calculated from the date application is made until March 31st.

- (5) Licensees’ annual regulatory fee – A licensed service provider shall pay a regulatory fee annually when the service provider’s annual information return is submitted to the Chief Executive Officer, calculated using the formula,

$$A + B$$

in which,

“A” is \$128.00 multiplied by the number of locations of the licensee, and

“B” is \$15.00 multiplied by the number of claimants of the licensee.

- (6) Fees not refundable – A fee paid by person or entity under this section 4.3 is not refundable and may not be credited toward any subsequent fee payable by the person or entity.

## **PART 5 LOAN AND TRUST SECTOR ASSESSMENTS AND FEES**

### **5.1 Assessments**

- (1) Definitions – In this Part 5,

- (a) “budgeted loan and trust sector expenses and expenditures for the assessment period” means, in respect of a particular assessment period, the total amount of direct costs of, and common costs that the Authority allocates to, the loan and trust sector in respect of the assessment period, as set out in the final budget;
  - (b) “budgeted loan and trust sector fees for the assessment period” means, in respect of a particular assessment period, the total amount of fees that the Authority estimates will be charged to loan and trust corporations in respect of the assessment period, as set out in the final budget; and
  - (c) “loan or trust corporation” means a corporation registered under the *Loan and Trust Corporations Act*.
- (2) A loan or trust corporation’s share of an assessment of the loan and trust sector under subsection 21(2) of the FSRA Act for an assessment period is the amount calculated using the formula,

$$(A - B)/C$$

in which,

“A” is the total of all budgeted loan and trust sector expenses and expenditures for the assessment period,

“B” is the total of all budgeted loan and trust sector fees to be charged for the assessment period, and

“C” is the number of loan or trust corporations registered under the *Loan and Trust Corporations Act* as at such date prior to the assessment period as the Authority may determine.

- (3) A loan or trust corporation shall pay its assessment within 30 days after the date of the invoice for the assessment in the manner and to the account specified by the Authority in such invoice.

## 5.2 Fees

- (1) The fees payable with respect to matters under the *Loan and Trust Corporations Act* are listed opposite the description in the following table.

DESCRIPTION	FEE
Application for initial registration – <i>Loan and Trust Corporations Act</i> , subsection 31(5)	\$2,500 per application

- (2) Fees not refundable – A fee paid by person or entity under this section 5.2 is not refundable and may not be credited toward any subsequent fee payable by the person or entity.

## PART 6 MORTGAGE BROKERING SECTOR ASSESSMENTS AND FEES

### 6.1 Assessments

- (1) No assessments are payable to the Authority in respect of the mortgage brokering sector under subsection 21(2) of the FSRA Act.

### 6.2 Fees (General)

- (1) Definitions – In this Part 6,
  - (a) “mortgage” has the same meaning as in section 1 of the *Mortgages Act*;
  - (b) “mortgage agent” or “agent” means an individual who has a mortgage agent’s licence;
  - (c) “mortgage administrator” means a corporation, partnership, sole proprietorship or other entity that has a mortgage administrator’s licence;
  - (d) “mortgage broker” or “broker” means an individual who has a mortgage broker’s licence;
  - (e) “mortgage brokerage” or “brokerage” means a corporation, partnership, sole proprietorship or other entity that has a brokerage licence; and
  - (f) “principal broker” has the same meaning as used in the *Mortgage Brokerages, Lenders and Administrators Act, 2006*.
- (2) The required fees payable under the *Mortgage Brokerages, Lenders and Administrators Act, 2006* are the amounts determined according to this section 6.2.
- (3) Mortgage brokerage licence – The applicable fee for an application for a mortgage brokerage licence under subsection 7(1) of the *Mortgage Brokerages, Lenders and Administrators Act, 2006* is the following:
  - (a) For a licence that is to take effect at the beginning of a fiscal year, \$941.
  - (b) For a licence that is to take effect at any other point during a fiscal year, the amount calculated using the formula,

$$\$100 + (A \times \$841/12)$$

in which,

“A” is the number of whole and partial calendar months between the date on which the application is submitted and the beginning of the fiscal year that immediately follows.

- (3.1) On or before the day on which a fiscal year ends, a corporation, partnership, sole proprietorship or other entity that has a mortgage brokerage licence shall pay a regulatory fee in respect of the next fiscal year of \$841.

(4) Mortgage broker's licence – The applicable fee for an application for a mortgage broker's licence under subsection 8(1) of the *Mortgage Brokerages, Lenders and Administrators Act, 2006* is the following:

(a) For a licence that is to take effect at the beginning of a fiscal year, \$941.

(b) For a licence that is to take effect at any other point during a fiscal year, the amount calculated using the formula,

$$\$100 + (A \times \$841/12)$$

in which,

“A” is the number of whole and partial calendar months between the date on which the application is submitted and the beginning of the fiscal year that immediately follows.

(4.1) The applicable fee for an application to renew a mortgage broker's licence is \$841.

(4.2) An applicant is not required to pay the fee described in subsection 6.2(4) if, on the date the individual submits the application in respect of a period described in that subsection, the individual is a mortgage agent and has paid all applicable fees for mortgage agents under the *Mortgage Brokerages, Lenders and Administrators Act, 2006* in respect of that period.

(4.3) An applicant is not required to pay the fee described in subsection 6.2(4) or (4.1) if, before the application is submitted, the mortgage brokerage on whose behalf the individual is authorized to deal in mortgages or trade in mortgages in Ontario notifies the Chief Executive Officer that the individual will be designated as its principal broker when the individual's licence takes effect.

(4.4) Subsection 6.2(4.3) does not apply if the mortgage brokerage has previously designated another individual as its principal broker in respect of the same fiscal year.

(5) Mortgage agent's licence – The applicable fee for an application for a mortgage agent's licence under subsection 9(1) of the *Mortgage Brokerages, Lenders and Administrators Act, 2006* is the following:

(a) For a licence that is to take effect at the beginning of a fiscal year, \$941.

(b) For a licence that is to take effect at any other point during a fiscal year, the amount calculated using the formula,

$$\$100 + (A \times \$841/12)$$

in which,

“A” is the number of whole and partial calendar months between the date on which the application is submitted and the beginning of the fiscal year that immediately follows.

(5.1) The applicable fee for an application to renew a mortgage agent's licence is \$841.

- (6) Mortgage administrator's licence – The applicable fee for an application for a mortgage administrator's licence under subsection 10(1) of the *Mortgage Brokerages, Lenders and Administrators Act, 2006* is the following:
- (a) For a licence that is to take effect at the beginning of a fiscal year, \$941.
  - (b) For a licence that is to take effect at any other point during a fiscal year, the amount calculated using the formula,

$$\$100 + (A \times \$841/12)$$

in which,

“A” is the number of whole and partial calendar months between the date on which the application is submitted and the beginning of the fiscal year that immediately follows.

- (6.1) On or before the day on which a fiscal year ends, a corporation, partnership, sole proprietorship or other entity that has a mortgage administrator's licence shall pay a regulatory fee in respect of the next fiscal year of \$841.
- (7) Fees not refundable – A fee paid by person or entity under this section 6.2 is not refundable and may not be credited toward any subsequent fee payable by the person or entity.

### **6.3 Fees (Non-Qualified Syndicated Mortgages)**

- (1) The fees payable under this section 6.3 are payable pursuant to subsection 21(2) of the FSRA Act.
- (2) Definitions – In this section 6.3:
  - (a) “investor” has the meaning ascribed to that term in subsection 1(1) of Regulation 188/08;
  - (b) “non-qualified syndicated mortgage” means a syndicated mortgage that is not a qualified syndicated mortgage;
  - (c) “Regulation 188/08” means Ontario Regulation 188/08 made under the *Mortgage Brokerages, Lenders and Administrators Act, 2006*;
  - (d) “qualified syndicated mortgage” has the meaning ascribed to that term in subsection 1(1) of Regulation 188/08;
  - (e) “syndicated mortgage” has the meaning ascribed to that term in subsection 1(1) of Regulation 188/08; and
  - (f) “syndicated mortgage disclosure form” means any syndicated mortgage disclosure form approved by the Chief Executive Officer.
- (3) Each brokerage that is required to provide disclosure information and documentation pursuant to subsection 31.1(1) of Regulation 188/08 in respect of a non-qualified syndicated mortgage shall pay a fee in respect of that non-qualified syndicated mortgage in the amount of \$200.

- (4) The fee payable pursuant to subsection 6.3(3) shall be paid within 5 days following the date on which any prescribed disclosure documentation was first provided by or on behalf of the brokerage to the first potential or actual lender or investor in a non-qualified syndicated mortgage and shall be accompanied by a copy of the syndicated mortgage disclosure form provided to such first potential or actual lender or investor in respect of that non-qualified syndicated mortgage.
- (5) Fees not refundable – A fee paid by person or entity under this section 6.3 is not refundable and may not be credited toward any subsequent fee payable by the person or entity.

## **PART 7 PENSION SECTOR ASSESSMENTS AND FEES**

### **7.1 Assessments**

- (1) Definitions – In this Part 7,
  - (a) “administrator” has the same meaning as in subsection 1(1) of the *Pension Benefits Act*;
  - (b) “assessable pension plan” means a pension plan,
    - (i) for which an application for registration under section 9 of the *Pension Benefits Act* has been filed, or
    - (ii) for which a certificate of registration has been issued under section 16 of the *Pension Benefits Act*,as of a date on or before a date determined by the Authority for the purposes of preparing its final budget in respect of a particular assessment period;
  - (c) “beneficiaries” in respect of an assessable pension plan means:
    - (i) members, former members, and retired members of the pension plan, and
    - (ii) other beneficiaries who as a result of the actual death of a member, former member or retired member either are in receipt of, or have a right to receive, a pension from the pension plan;
  - (d) “budgeted pension sector expenses and expenditures for the assessment period” means, in respect of a particular assessment period, the total amount of direct costs of, and common costs that the Authority allocates to, the pension sector in respect of the assessment period, as set out in the final budget;
  - (e) “budgeted pension sector fees for the assessment period” means, in respect of a particular assessment period, the total amount of fees that the Authority estimates will be charged to pension sector assessable entities in respect of the assessment period, as set out in the final budget;
  - (f) “discontinued plan” means a pension plan for which an annual information return has been filed under section 29.1 of Regulation 909 of the Revised Regulations of Ontario, 1990 (*General*) made under the *Pension Benefits Act* at any time on

or before a date determined by the Authority for the purposes of preparing its final budget in respect of a particular assessment period;

- (g) “former member” has the same meaning as in subsection 1(1) of the *Pension Benefits Act*;
  - (h) “member” has the same meaning as in subsection 1(1) of the *Pension Benefits Act*;
  - (i) “net budgeted pension sector expenses and expenditures for the assessment period” means, in respect of a particular assessment period, the difference between the total of all budgeted pension sector expenses and expenditures for the assessment period and the total of all budgeted pension sector fees to be charged for the assessment period, which amount shall not be less than zero;
  - (j) “pension plan” has the same meaning as in subsection 1(1) of the *Pension Benefits Act*;
  - (k) “retired member” has the same meaning as in subsection 1(1) of the *Pension Benefits Act*; and
  - (l) “variable share” means, in respect of a particular assessment period, the amount remaining when net budgeted pension sector expenses and expenditures for the assessment period is reduced by the aggregate budgeted assessment amounts in respect of the particular assessment period relating to the pension plans referred to in paragraph 7.1(3)(a).
- (2) An administrator’s share of an assessment of the pension sector in respect of a particular pension plan under subsection 21(2) of the FSRA Act for an assessment period is the following:
- (a) for the administrator of an assessable pension plan, other than a discontinued plan, the share calculated in accordance with subsection 7.1(3); and
  - (b) for the administrator of a discontinued plan, zero.
- (3) For the purposes of paragraph 7.1(2)(a):
- (a) if a particular assessable pension plan has 78 beneficiaries or fewer, the administrator of that particular assessable pension plan’s share of an assessment of the pension sector for an assessment period and in respect of that particular assessable pension plan is \$750;
  - (b) if a particular assessable pension plan has 79 or more beneficiaries, the administrator of that particular assessable pension plan’s share of the variable share of an assessment period is determined by calculating the amount

$$(A/B) \times (C \times D)$$

for each tier in the table below,

in which,

“A” is the number of beneficiaries in the tier in the table below in the particular assessable pension plan,

“B” is the total number of beneficiaries in the tier in the table below in all assessable pension plans,

“C” is the percentage of the variable share denoted for that tier in the table below, and

“D” is the variable share,

and then adding together the amounts so calculated for each tier in respect of the particular assessable pension plan.

TIER	INCREMENTS FOR PENSION PLAN BENEFICIARIES	PERCENTAGE OF VARIABLE SHARE TO BE RECOVERED FROM ADMINISTRATORS RELATING TO BENEFICIARIES OF THAT ADMINISTRATOR’S PENSION PLAN IN A PARTICULAR TIER
1	1 <sup>st</sup> to 1,000 <sup>th</sup> beneficiary	41.760%
2	1,001 <sup>st</sup> to 6,000 <sup>th</sup> beneficiary	33.683%
3	6,001 <sup>st</sup> to 12,000 <sup>th</sup> beneficiary	10.066%
4	12,001 <sup>st</sup> to 60,000 <sup>th</sup> beneficiary	9.648%
5	60,001 <sup>st</sup> to 150,000 <sup>th</sup> beneficiary	4.507%
6	In excess of 150,000 beneficiaries	0.336%

- (4) The number of beneficiaries of an assessable pension plan in respect of a particular assessment period is the number of beneficiaries of the assessable pension plan indicated in the most recent annual information return filed under the *Pension Benefits Act* on or before a date determined by the Authority for the purposes of preparing its final budget or, in the absence of such a return, the number of beneficiaries indicated in the application for registration of the pension plan submitted under the *Pension Benefits Act*.
- (5) The administrator of an assessable pension plan shall pay its assessment in respect of that assessable pension plan within 30 days after the date of the invoice for the assessment in the manner and to the account specified by the Authority in such invoice.

## 7.2 Fees

- (1) The fees payable with respect to matters under the *Pension Benefits Act* are listed opposite the description in the following table.

DESCRIPTION	FEE
Application fee for registration of a pension plan – <i>Pension Benefits Act</i> , subsection 9(2)	\$250 per application

- (2) Fees not refundable – A fee paid by person or entity under this section 7.2 is not refundable and may not be credited toward any subsequent fee payable by the person or entity.

## **PART 8 PRPP SECTOR ASSESSMENTS AND FEES**

### **8.1 Assessments and Fees**

- (1) No assessments or fees are payable to the Authority in respect of the PRPP sector under subsection 21(2) of the FSRA Act.

## **PART 9 GENERAL FEES**

### **9.1 Fees**

- (1) The fees payable with respect to matters under the FSRA Act are listed opposite the description in the following table.

<b>DESCRIPTION</b>	<b>FEE</b>
Certificates issued by the Chief Executive Officer – FSRA Act, section 20.1	\$25 per certificate
Photocopies of documents except where a fee is specifically provided under another section of this Rule	\$0.50 per page (\$5.00 minimum)

- (2) Fees not refundable – A fee paid by person or entity under this section 9.1 is not refundable and may not be credited toward any subsequent fee payable by the person or entity.

## **PART 10 EFFECTIVE DATE AND TRANSITIONAL**

### **10.1 Effective Date**

- (1) This Rule comes into force on the day section 10(2)(b) of the FSRA Act (2017, c.34, Sched. 16, s.6) comes into force, as named in a proclamation of the Lieutenant Governor.

### **10.2 Transitional**

- (1) Definitions – in this Part 10,
- (a) “DICO” means the Deposit Insurance Corporation of Ontario; and
  - (b) “DIRF” means the Deposit Insurance Reserve Fund referenced in subsection 276(1) of the *Credit Unions and Caisses Populaires Act, 1994*.
- (2) Notwithstanding any other provision of this Rule, in respect of the first assessment period of the Authority:

- (a) no fee in respect of any matter described in subsection 3.2(1) shall be payable to the Authority if an identical fee for the same matter was paid to the Crown prior to the first assessment period of the Authority;
- (b) no fee in respect of a licence or the renewal of a licence contemplated by subsection 4.2(1) or subsection 6.2(1) shall be payable to the Authority by a person or entity in respect of any portion of an assessment period where the particular person or entity has, prior to the first assessment period of the Authority, previously paid to the Crown a fee for the same licence or renewal of the licence and the licence so issued or renewed relates to the first assessment period of the Authority;
- (c) no fee in respect of a certificate referred to in subsection 4.2(1) or subsection 9.1(1) shall be payable to the Authority if an identical fee in respect of the same request was paid to the Crown prior to the first assessment period of the Authority;
- (d) no licence application fee or regulatory fee contemplated by section 4.3 shall be payable to the Authority by a person or entity in respect of any portion of an assessment period where the particular person or entity has, prior to the first assessment period of the Authority, previously paid to the Crown a licence application fee or regulatory fee pursuant to Section 121.1 of the *Insurance Act* (Ontario) in relation to the first assessment period of the Authority;
- (e) no fee in respect of an application for registration referred to in subsection 5.2(1) or subsection 7.2(1) shall be payable to the Authority if an identical fee for the same application was paid to the Crown prior to the first assessment period of the Authority; and
- (f) the first assessment period shall commence on the day section 10(2)(b) of the FSRA Act (2017, c.34, Sched. 16, s.6) comes into force, as named in a proclamation of the Lieutenant Governor. For the first assessment period, the budget contemplated by section 2.1 may be a budget in respect of FSRA's fiscal year commencing April 1, 2019 and ending on March 31, 2020,

provided, however, that in the case of each such fee referred to in paragraphs (a) through (e) above, the Authority has received full value for such fee from the Crown, as determined by the Authority taking into account the period for which the Authority is accountable for regulation of the relevant regulated sector.

- (3) Notwithstanding any other provision of this Rule, the aggregate assessment of all credit unions in respect of the Authority's first assessment period shall, pursuant to the *Credit Unions and Caisses Populaires Act, 1994* (Ontario) and/or the FSRA Act or the regulations thereunder, be fully satisfied through a one-time withdrawal by the Authority from the DIRF in an amount equal to such aggregate assessment, which withdrawal shall be made upon or following the amalgamation of the Authority and DICO. To the extent the Authority is able to make such one-time withdrawal and retain the monies withdrawn to pay for the Authority's expenses and expenditures, all as determined by the Authority, no credit union will be individually assessed in respect of FSRA's first assessment period relating to the Authority's budgeted expenses and expenditures for that period. If, for any reason, the Authority is unable, in whole or in part, to make such one-time withdrawal and retain the monies charged for such purpose, including due to lack of authority under the *Credit Unions and Caisses Populaires Act, 1994* (Ontario) or the FSRA Act, the preceding provisions of this Section 10.2(3) shall not apply to the extent of such inability

and the Authority may assess credit unions pursuant to this Rule to the extent the Authority has been unable to make such one-time withdrawal and retain such monies for such purpose.

**APPENDIX D TO NOTICE OF FINAL RULE 2019-001 – ASSESSMENTS AND FEES**

**COMPARISON TO REVISED FEE RULE**

**FINANCIAL SERVICES REGULATORY AUTHORITY OF ONTARIO**

**RULE 2019 – 001**

**ASSESSMENTS AND FEES**

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**FINANCIAL SERVICES REGULATORY AUTHORITY OF ONTARIO**  
**RULE 2019 – 001**  
**ASSESSMENTS AND FEES**

**PART 1 INTERPRETATION**

**1.1 Definitions**

- (1) In this Rule,
- (a) “assessment” means an assessment for the purposes of subsection 21(2) of the FSRA Act;
  - (b) “assessment period” means the fiscal year of the Authority or other period of time with respect to which the Authority makes an assessment under this Rule;
  - (c) “Authority” means the Financial Services Regulatory Authority of Ontario continued under subsection 2(1) of the FSRA Act;
  - (d) “Board” means the board of directors of the Authority;
  - (e) “Chief Executive Officer” means the Chief Executive Officer of the Authority appointed under subsection 10(2) of the FSRA Act;
  - (f) “common costs” in respect of a particular assessment period means the expenses and expenditures of the Authority which the Authority determines or estimates are not direct costs in respect of any particular regulated sector in respect of that assessment period, including all amounts in respect of the contingency reserve amount, as set out in the final budget;
  - (g) “contingency reserve amount” means the amount described in subsection 2.3(1);
  - (h) “credit union” means a credit union or caisse populaire to which the *Credit Unions and Caisses Populaires Act, 1994* applies;
  - (i) “credit unions sector” means the sector referred to in clause (a) of the definition of “regulated sector” in section 1 of the FSRA Act;
  - (j) “direct costs” in respect of a particular regulated sector and a particular assessment period means the expenses and expenditures of the Authority which the Authority determines or estimates directly relate to the particular regulated sector in respect of that assessment period, as set out in the final budget;
  - (k) “fee” means a fee for the purposes of subsection 21(2) of the FSRA Act and, where applicable, for the purposes of the statute to which a regulated sector is subject, including fees payable with respect to activities or events related to a person or entity in a regulated sector;
  - (l) “final budget” means, in respect of an assessment period, the budget approved by the Board and posted on the website of the Authority prior to the commencement of that assessment period;

- (m) “fiscal year” means April 1st to March 31st;
- (n) “fixed rate sector” means the mortgage brokering sector;
- (o) “fixed rate sector common cost contribution” means in respect of the fixed rate sector, the difference, positive or negative, between the total fees that the Authority estimates will be charged in respect of the fixed rate sector in respect of an assessment period and the total estimated direct costs of the fixed rate sector in respect of that assessment period, all as set out in a budget prepared by the Authority under section 2.1;
- (p) “FSRA Act” means the *Financial Services Regulatory Authority of Ontario Act, 2016*;
- (q) “insurance sector” means the sector referred to in clause (b) of the definition of “regulated sector” in section 1 of the FSRA Act;
- (r) “loan and trust sector” means the sector referred to in clause (c) of the definition of “regulated sector” in section 1 of the FSRA Act;
- (s) “Minister” means the Minister of Finance or such other person as may be assigned the administration of the FSRA Act under the *Executive Council Act*;
- (t) “Ministry” has the same meaning as applies to that term in the FSRA Act;
- (u) “mortgage brokering sector” means the sector referred to in clause (d) of the definition of “regulated sector” in section 1 of the FSRA Act;
- (v) “pension sector” means the sector referred to in clause (e) of the definition of “regulated sector” in section 1 of the FSRA Act;
- (w) “PRPP sector” means the sector that is referred to in clause (f) of the definition of “regulated sector” in section 1 of the FSRA Act;
- (x) “regulated sector” means the credit unions sector, the insurance sector, the loan and trust sector, the mortgage brokering sector, the pension sector, and the PRPP sector;
- (y) “the Crown” has the same meaning as set out in section 87 of the *Legislation Act, 2006*; and
- (z) “variable rate sectors” means the credit unions sector, the insurance sector, the loan and trust sector, and the pension sector.

## 1.2 Interpretation

- (1) The Authority’s expenses and expenditures that may be recovered through assessments and fees in respect of one or more assessment periods includes, as the Board determines is appropriate in the Authority’s final budget, amounts in respect of the expenses and expenditures incurred and made by the Authority in the period ending immediately prior to the time at which the Authority begins to carry out the regulatory functions contemplated by the FSRA Act.

- (2) The Authority's expenses and expenditures that may be recovered through assessments and fees in respect of one or more assessment periods may include amounts assessed by the Lieutenant Governor in Council in respect of:
  - (a) the Ministry's expenses and expenditures referred to in section 15 of the FSRA Act; and
  - (b) the Financial Services Tribunal's and the Ministry's expenses and expenditures referred to in section 15 of the *Financial Services Tribunal Act, 2017*.
- (3) References in this Rule to the Chief Executive Officer include a reference to an authorized delegate of the Chief Executive Officer.
- (4) Words and phrases not defined in this Rule have the same meaning as ascribed thereto under section 1 of the FSRA Act, unless a contrary intention appears.
- (5) Every use of the words "including" or "includes" in this Rule is to be construed as meaning "including, without limitation" or "includes, without limitation", respectively.

## **PART 2 SECTORAL ASSESSMENT PROCESS**

### **2.1 Preparation of Budgets by Authority**

- (1) In respect of each assessment period, the Authority shall prepare a draft budget which sets out:
  - (a) the estimated total expenses and expenditures of the Authority in respect of the assessment period and a description of the direct costs estimated for each regulated sector and the common costs estimated for the Authority;
  - (b) the total fees that the Authority estimates will be charged in respect of the regulated sectors in respect of the assessment period; and
  - (c) the total estimated assessment in respect of each regulated sector and within such sector, as applicable.
- (2) The Authority shall post the draft budget on the website of the Authority on a date to be determined by the Authority and may undertake consultation with the regulated sectors as determined appropriate by the Authority to assist it in finalizing such budget.
- (3) The Authority shall post the final budget in respect of an assessment period on the website of the Authority on a date to be determined by the Authority. Invoices for assessments in respect of variable rate sectors will only be issued after the Authority posts such final budget.

## **2.2 Determination and Allocation of Direct Costs and Common Costs by Regulated Sector**

- (1) In respect of the estimated total expenses and expenditures of the Authority in respect of an assessment period, each budget prepared by the Authority under section 2.1 shall set out the direct costs in respect of each regulated sector and within such sector, as applicable, in respect of the assessment period covered by the budget, together with the aggregate common costs in respect of the assessment period.
- (2) Each budget prepared by the Authority under section 2.1 shall allocate the common costs in respect of the assessment period covered by the budget among the regulated sectors on such basis as the Authority determines appropriate; provided that unless otherwise specified by the Authority in the budget, common costs remaining after the fixed rate sector common cost contribution estimate is deducted from the overall common cost estimate in respect of the assessment period covered by the budget shall be allocated in the budget among the variable rate sectors based on their *pro rata* share of the aggregate direct costs of the variable rate sectors in respect of that assessment period.

## **2.3 Contingency Reserve Amount**

- (1) If determined appropriate by the Authority, the common costs in respect of an assessment period may include an amount to pay expenses and expenditures of the Authority in respect of the assessment period which cannot reasonably be estimated and determined to be direct costs or common costs or in respect of a particular regulated sector, but which the Board determines are appropriate to include in the final budget in respect of unforeseeable events or circumstances.
- (2) The contingency reserve amount included as common costs in a budget prepared by the Authority under section 2.1 in respect of a particular assessment period shall not exceed \$4 million.
- (3) No amount in respect of the contingency reserve amount shall be used or applied by the Authority, except as authorized by the Board.
- (4) If the Board authorizes all or a portion of an existing contingency reserve amount to be used or applied by the Authority in an assessment period, the subsequent budget will include as a direct cost any contingency reserve amount used or applied by the Authority in respect of a variable rate sector identified by the Board and the contingency reserve amount that may be included as common costs in a budget prepared by the Authority under section 2.1 for a subsequent assessment period may be increased by the amount remaining after the direct costs referred to in this subsection 2.3(4) and recovered from a variable rate sector are deducted from the contingency reserve amount used or applied.
- (5) If any portion of a contingency reserve amount is unused at the end of an assessment period, it shall be held as a contingency reserve amount for the next assessment period and the contingency reserve amount included in the budget for the next assessment period shall be reduced by such unused amount.

## **PART 3 CREDIT UNIONS SECTOR ASSESSMENTS AND FEES**

### **3.1 Assessments**

- (1) Definitions – In this section 3.1,

- (a) “budgeted credit unions sector expenses and expenditures for the assessment period” means, in respect of a particular assessment period, the total amount of direct costs of, and common costs that the Authority allocates to, the credit unions sector in respect of the assessment period, as set out in the final budget;
  - (b) “budgeted credit unions sector fees for the assessment period” means, in respect of a particular assessment period, the total amount of fees that the Authority estimates will be charged to credit unions in respect of the assessment period, as set out in the final budget;
  - (c) “league” means a league to which the *Credit Unions and Caisses Populaires Act, 1994* applies; and
  - (d) “RWA” means, with respect to a credit union, the amount calculated in accordance with section 18 of Ontario Regulation 237/09 and set forth as the credit union’s risk weighted assets in the most recent monthly information return filed under section 225 or 226 of the *Credit Unions and Caisses Populaires Act, 1994* on or before a date determined by the Authority for the purposes of preparing a final budget.
- (2) A credit union’s share of an assessment of the credit unions sector under subsection 21(2) of the FSRA Act for an assessment period is the amount calculated using the formula,

$$(A - B) \times C/D$$

in which,

“A” is the total of all budgeted credit unions sector expenses and expenditures for the assessment period,

“B” is the total of all budgeted credit unions sector fees for the assessment period,

“C” is the amount of the RWA of the credit union, and

“D” is the amount of the total RWA of all credit unions excluding the RWA of all leagues.

- (3) A league’s share of an assessment of the credit unions sector under subsection 21(2) of the FSRA Act for an assessment period is zero.
- (4) A credit union shall pay its assessment within 30 days after the date of the invoice for the assessment in the manner and to the account specified by the Authority in such invoice.<sup>1</sup>

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<sup>1</sup> Assessments in respect of the Deposit Insurance Reserve Fund are not covered by this Rule. They continue to be covered by subsection 276.1(1) of the *Credit Unions and Caisses Populaires Act, 1994*.

### 3.2 Fees

- (1) The fees payable with respect to matters under the *Credit Unions and Caisses Populaires Act, 1994* are listed opposite the description in the following table.

DESCRIPTION	FEE
Application for incorporation of a credit union or caisse populaire – <i>Credit Unions and Caisses Populaires Act, 1994</i> , section 15	\$2,500 per application
Approval of the articles of incorporation – <i>Credit Unions and Caisses Populaires Act, 1994</i> , subsection 16(1)	\$2,500 per approval
Application for receipt for an offering statement based on face amount – <i>Credit Unions and Caisses Populaires Act, 1994</i> , subsection 77(1)	Lesser of: <ul style="list-style-type: none"><li>• \$2,500 plus 50 basis points (i.e., \$2,500 + 0.50% of the maximum aggregate dollar amount of securities offered); and</li><li>• \$25,000</li></ul> per application
Application by extra-provincial credit union for registration - <i>Credit Unions and Caisses Populaires Act, 1994</i> , section 332	\$500 per application

- (2) Fees not refundable – A fee paid by person or entity under this section 3.2 is not refundable and may not be credited toward any subsequent fee payable by the person or entity.

## PART 4 INSURANCE SECTOR ASSESSMENTS AND FEES

### 4.1 Assessments

- (1) Definitions – In this section 4.1,
- (a) “accident and sickness insurance” has the meaning ascribed to that term in an order made under section 43 of the *Insurance Act*;
  - (b) “accident, sickness and life insurance” means either or both accident and sickness insurance and life insurance;
  - (c) “accident, sickness and life insurance market conduct activities” means those activities of the Authority identified by the Authority as related to regulating the market conduct of insurers (and their agents and other representatives or distribution channel participants) providing accident, sickness and life insurance in Ontario and other activities of the Authority related to regulating and supervising accident, sickness and life insurance which are not related to conducting prudential, capital adequacy, liquidity or solvency supervision;
  - (d) “automobile insurance” has the meaning ascribed to that term in an order made under section 43 of the *Insurance Act*;

- (e) “automobile insurance rate approval activities” means those activities of the Authority identified by the Authority as related to rate approval for automobile insurance in Ontario including all activities of the Authority relating to holders of a service provider’s licence under Part VI (Automobile Insurance) of the *Insurance Act*;
- (f) “direct written premiums for accident, sickness and life insurance” means, with respect to an insurer at any particular point in time, the premiums paid to the insurer for accident, sickness and life insurance in Ontario as reflected in its most recent filings made under section 102 of the *Insurance Act*, other than premiums for accident, sickness and life insurance paid to the insurer under agreements for reinsurance;
- (g) “direct written premiums for accident and sickness insurance” means, with respect to an insurer at any particular point in time, the premiums paid to the insurer for accident and sickness insurance in Ontario as reflected in its most recent filings made under section 102 of the *Insurance Act*, other than premiums for accident and sickness insurance paid to the insurer under agreements for reinsurance;
- (h) “direct written premiums for automobile insurance” means, with respect to an insurer at any particular point in time, the premiums paid to the insurer for automobile insurance in Ontario as reflected in its most recent filings made under section 102 of the *Insurance Act*, other than premiums for automobile insurance paid to the insurer under agreements for reinsurance;
- (i) “direct written premiums for property and casualty insurance” means, with respect to an insurer at any particular point in time, the premiums paid to the insurer for property and casualty insurance in Ontario as reflected in its most recent filings made under section 102 of the *Insurance Act*, other than premiums for property and casualty insurance paid to the insurer under agreements for reinsurance, and for greater certainty includes direct written premiums for automobile insurance;
- (j) “fraternal society” means a society, order or association incorporated for the purpose of making with its members only, and not for profit, contracts of life insurance or accident and sickness insurance in accordance with its constitution, by-laws and rules and the *Insurance Act*;
- (k) “insurance” has the meaning ascribed to that term in section 1 of the *Insurance Act*;
- (l) “insurance prudential supervision activities” means those activities of the Authority identified by the Authority as related to conducting prudential, capital adequacy, liquidity and solvency supervision of Ontario prudentially regulated insurers;
- (m) “insurer” has the meaning ascribed to that term in section 1 of the *Insurance Act*;
- (n) “life insurance” has the meaning ascribed to that term in an order made under section 43 of the *Insurance Act*;

- (o) “Ontario prudentially regulated insurer” means an insurer that is organized or incorporated under the laws of Ontario and that is providing either or both:
  - (i) property and casualty insurance; or
  - (ii) accident and sickness insurance,other than insurers that are members of the Fire Mutuals Guarantee Fund, save and except for a mutual insurance corporation described in subsection 148(3) of the *Corporations Act*;
- (p) “property and casualty insurance” means insurance other than accident and sickness insurance and life insurance;
- (q) “property and casualty insurance market conduct activities” means those activities of the Authority identified by the Authority as related to regulating the market conduct of insurers (and their agents and other representatives or distribution channel participants) providing property and casualty insurance in Ontario and other activities of the Authority related to regulating and supervising property and casualty insurance other than:
  - (i) automobile rate insurance approval activities; and
  - (ii) insurance prudential supervision activities;
- (r) “total budgeted expenses and expenditures for accident, sickness and life insurance market conduct activities” means, in respect of a particular assessment period, the total amount of direct costs of, and common costs that the Authority allocates to, accident, sickness and life insurance market conduct activities within the insurance sector in respect of the assessment period, as set out in the final budget;
- (s) “total budgeted expenses and expenditures for automobile insurance rate approval activities” means, in respect of a particular assessment period, the total amount of direct costs of, and common costs that the Authority allocates to, automobile insurance rate approval activities within the insurance sector, including expenses and expenditures for activities of the Authority relating to holders of a service provider’s licence under Part VI (Automobile Insurance) of the *Insurance Act*, in respect of the assessment period, as set out in the final budget,
- (t) “total budgeted expenses and expenditures for insurance prudential supervision activities” means, in respect of a particular assessment period, the total amount of direct costs of, and common costs that the Authority allocates to, insurance prudential supervision activities within the insurance sector in respect of the assessment period, as set out in the final budget;
- (u) “total budgeted expenses and expenditures for property and casualty insurance market conduct activities” means, in respect of a particular assessment period, the total amount of direct costs of, and common costs that the Authority allocates to, property and casualty insurance market conduct activities within the insurance sector in respect of the assessment period, as set out in the final budget;

- (v) “total budgeted fees for accident, sickness and life insurance market conduct activities” means, in respect of a particular assessment period, the total amount of fees that the Authority estimates will be charged in respect of accident, sickness and life insurance market conduct activities in respect of the assessment period, as set out in the final budget;
  - (w) “total budgeted fees for automobile insurance rate approval activities” means, in respect of a particular assessment period, the total amount of fees that the Authority estimates will be charged in respect of automobile insurance rate approval activities in respect of the assessment period including, those fees in respect of service providers contemplated by section 4.3, as set out in the final budget;
  - (x) “total budgeted fees for property and casualty insurance market conduct activities” means, in respect of a particular assessment period, the total amount of fees that the Authority estimates will be charged in respect of property and casualty insurance market conduct activities in respect of the assessment period, as set out in the final budget;
  - (y) “total budgeted fees for insurance prudential supervision activities” means, in respect of a particular assessment period, the total amount of fees that the Authority estimates will be charged in respect of insurance prudential supervision activities in respect of the assessment period, as set out in the final budget;
- (2) The direct costs of, and the common costs that the Authority allocates to, the insurance sector in respect of the assessment period under Part 2 shall, in the case of direct costs be further determined or estimated as directly related to automobile insurance rate approval activities, property and casualty insurance market conduct activities, accident, sickness and life insurance market conduct activities or insurance prudential supervision activities, and in the case of common costs be further allocated within the insurance sector in accordance with this section 4.1.
- (3) An insurer’s share of an assessment of the insurance sector under subsection 21(2) of the FSRA Act for an assessment period is the following:
- (a) for an insurer in respect of automobile insurance rate approval activities, the share calculated in accordance with subsection 4.1(4);
  - (b) for an insurer in respect of property and casualty insurance market conduct activities, the share calculated in accordance with subsection 4.1(5);
  - (c) for an insurer in respect of accident, sickness and life insurance market conduct activities, the share calculated in accordance with subsection 4.1(6); and
  - (d) for an Ontario prudentially regulated insurer in respect of insurance prudential supervision activities, the share calculated in accordance with subsection 4.1(7),
- provided however that each insurer other than a fraternal society shall pay a minimum assessment of \$1,000 and each fraternal society shall pay a minimum assessment of \$100.
- (4) For the purposes of paragraph 4.1(3)(a), an insurer’s share of an assessment of the insurance sector for an assessment period in respect of automobile insurance rate approval activities is the amount calculated using the formula,

$$(A/B) \times (C-D)$$

in which,

“A” is the insurer’s direct written premiums for automobile insurance,

“B” is the total insurance sector direct written premiums for automobile insurance,

“C” is the total budgeted expenses and expenditures for automobile insurance rate approval activities, and

“D” is the total budgeted fees for automobile insurance rate approval activities.

- (5) For the purposes of paragraph 4.1(3)(b), an insurer’s share of an assessment of the insurance sector for an assessment period in respect of property and casualty insurance market conduct activities is the amount calculated using the formula,

$$(A/B) \times (C-D)$$

in which,

“A” is the insurer’s direct written premiums for property and casualty insurance,

“B” is the total insurance sector direct written premiums for property and casualty insurance,

“C” is the total budgeted expenses and expenditures for property and casualty insurance market conduct activities, and

“D” is the total budgeted fees for property and casualty insurance market conduct activities.

- (6) For the purposes of paragraph 4.1(3)(c), an insurer’s share of an assessment of the insurance sector for an assessment period in respect of accident, sickness and life insurance market conduct activities is the amount calculated using the formula,

$$(A/B) \times (C-D)$$

in which,

“A” is the insurer’s direct written premiums for accident, sickness and life insurance,

“B” is the total insurance sector direct written premiums for accident, sickness and life insurance,

“C” is the total budgeted expenses and expenditures for accident, sickness and life insurance market conduct activities, and

“D” is the total budgeted fees for accident, sickness and life insurance market conduct activities.

- (7) For the purposes of paragraph 4.1(3)(d), an Ontario prudentially regulated insurer's share of an assessment of the insurance sector for an assessment period in respect of insurance prudential supervision activities is the amount calculated using the formula,

$$(A/B) \times (C-D)$$

in which,

"A" is the Ontario prudentially regulated insurer's direct written premiums for property and casualty insurance and direct written premiums for accident and sickness insurance,

"B" is the total direct written premiums for property and casualty insurance and direct written premiums for accident and sickness insurance of all Ontario prudentially regulated insurers,

"C" is the total budgeted expenses and expenditures for insurance prudential supervision activities, and

"D" is the total budgeted fees for insurance prudential supervision activities.

- (8) An insurer shall pay its assessments within 30 days after the date of the invoice for the assessment in the manner and to the account specified by the Authority in such invoice.

#### 4.2 Fees (General)

- (1) The fees payable with respect to matters under the *Insurance Act* are listed opposite the description in the following table.

DESCRIPTION	FEES
Licence application fee for a new Ontario incorporated insurer – <i>Insurance Act</i> , subsection 42(1)	\$4,000 per application
Agent and adjuster licence fees:	
a) Agent licence fee - <i>Insurance Act</i> , subsection 392.3(1)	a) \$150 per 2-year licence
b) Corporation agent licence fee - <i>Insurance Act</i> , subsection 400(1)	b) \$400 per 2-year licence
c) Partnership agent licence fee - <i>Insurance Act</i> , subsection 399(1)	c) \$200 per 2-year licence
d) Adjuster licence fee - <i>Insurance Act</i> , section 397	\$75 per 1-year licence
e) Adjuster licence fee for a partnership ( <i>Insurance Act</i> , subsection 399(1)), or a corporation ( <i>Insurance Act</i> , subsection 400(1))	e) \$200 per 1-year licence
Certificate issued by Chief Executive Officer - <i>Insurance Act</i> , subsection 25(2)	\$25 per certificate
Photocopying: rate manuals per category of automobile insurance	\$100

- (2) Fees not refundable – A fee paid by person or entity under this section 4.2 is not refundable and may not be credited toward any subsequent fee payable by the person or entity.

### 4.3 Fees (Service Providers)

- (1) The fees payable under the *Insurance Act* relating to service providers are the amounts determined according to this section 4.3.
- (2) Definitions - In this section 4.3,
- (a) “listed expenses” means listed expenses in connection with statutory accident benefits within the meaning of section 288.1 of the *Insurance Act*;
  - (b) “number of claimants” means the total number of persons in respect of whom the applicant for a service provider’s licence or the licensee, as applicable, received payment for one or more listed expenses in the calendar year prior to the year in which payment of the applicant’s regulatory fee or the licensee’s annual regulatory fee is required, calculated per accident; and
  - (c) “number of locations” means,
    - (i) in respect of an applicant for a service provider’s licence, the number of physical locations at which the applicant intends to operate a business that could give rise to listed expenses;
    - (ii) in respect of a licensed service provider that was licensed and operated a business in the calendar year prior to the year in which payment of the annual regulatory fee is required, the number of physical locations at which the licensee operated the business, while licensed, that gave rise or could have given rise to listed expenses in that calendar year, or
    - (iii) in respect of any other licensed service provider, the number of physical locations in respect of which the licence was issued.
- (3) Service provider licence application fee – A person or entity who applies for a service provider’s licence shall pay a licence application fee of \$337.00 when the licence application is submitted to the Chief Executive Officer.
- (4) Applicant’s regulatory fee – A person or entity who applies for a service provider’s licence shall pay a pro-rated applicant’s regulatory fee when the licence application is submitted to the Chief Executive Officer, calculated using the formula,

$$(A + B) \times (X/12)$$

in which,

“A” is \$128.00 multiplied by the number of locations of the applicant,

“B” is \$15.00 multiplied by the number of claimants of the applicant, if any, and

“X” is the number of whole and partial calendar months remaining in the fiscal year, calculated from the date application is made until March 31st.

- (5) Licensees’ annual regulatory fee – A licensed service provider shall pay a regulatory fee annually when the service provider’s annual information return is submitted to the Chief Executive Officer, calculated using the formula,

$$A + B$$

in which,

“A” is \$128.00 multiplied by the number of locations of the licensee, and

“B” is \$15.00 multiplied by the number of claimants of the licensee.

- (6) Fees not refundable – A fee paid by person or entity under this section 4.3 is not refundable and may not be credited toward any subsequent fee payable by the person or entity.

## **PART 5 LOAN AND TRUST SECTOR ASSESSMENTS AND FEES**

### **5.1 Assessments**

- (1) Definitions – In this Part 5,
- (a) “budgeted loan and trust sector expenses and expenditures for the assessment period” means, in respect of a particular assessment period, the total amount of direct costs of, and common costs that the Authority allocates to, the loan and trust sector in respect of the assessment period, as set out in the final budget;
  - (b) “budgeted loan and trust sector fees for the assessment period” means, in respect of a particular assessment period, the total amount of fees that the Authority estimates will be charged to loan and trust corporations in respect of the assessment period, as set out in the final budget; and
  - (c) “loan or trust corporation” means a corporation registered under the *Loan and Trust Corporations Act*.
- (2) A loan or trust corporation’s share of an assessment of the loan and trust sector under subsection 21(2) of the FSRA Act for an assessment period is the amount calculated using the formula,

$$(A - B)/C$$

in which,

“A” is the total of all budgeted loan and trust sector expenses and expenditures for the assessment period,

“B” is the total of all budgeted loan and trust sector fees to be charged for the assessment period, and

“C” is the number of loan or trust corporations registered under the *Loan and Trust Corporations Act* as at such date prior to the assessment period as the Authority may determine.

- (3) A loan or trust corporation shall pay its assessment within 30 days after the date of the invoice for the assessment in the manner and to the account specified by the Authority in such invoice.

## 5.2 Fees

- (1) The fees payable with respect to matters under the *Loan and Trust Corporations Act* are listed opposite the description in the following table.

DESCRIPTION	FEE
Application for initial registration – <i>Loan and Trust Corporations Act</i> , subsection 31(5)	\$2,500 per application

- (2) Fees not refundable – A fee paid by person or entity under this section 5.2 is not refundable and may not be credited toward any subsequent fee payable by the person or entity.

## PART 6 MORTGAGE BROKERING SECTOR ASSESSMENTS AND FEES

### 6.1 Assessments

- (1) No assessments are payable to the Authority in respect of the mortgage brokering sector under subsection 21(2) of the FSRA Act.

### 6.2 Fees (General)

- (1) Definitions – In this Part 6,
- (a) “mortgage” has the same meaning as in section 1 of the *Mortgages Act*;
  - (b) “mortgage agent” or “agent” means an individual who has a mortgage agent’s licence;
  - (c) “mortgage administrator” means a corporation, partnership, sole proprietorship or other entity that has a mortgage administrator’s licence;
  - (d) “mortgage broker” or “broker” means an individual who has a mortgage broker’s licence;
  - (e) “mortgage brokerage” or “brokerage” means a corporation, partnership, sole proprietorship or other entity that has a brokerage licence; and
  - (f) “principal broker” has the same meaning as used in the *Mortgage Brokerages, Lenders and Administrators Act, 2006*.
- (2) The required fees payable under the *Mortgage Brokerages, Lenders and Administrators Act, 2006* are the amounts determined according to this section 6.2.
- (3) Mortgage brokerage licence – The applicable fee for an application for a mortgage brokerage licence under subsection 7(1) of the *Mortgage Brokerages, Lenders and Administrators Act, 2006* is the following:

- (a) For a licence that is to take effect at the beginning of a fiscal year, \$941.
- (b) For a licence that is to take effect at any other point during a fiscal year, the amount calculated using the formula,

$$\$100 + (A \times \$841/12)$$

in which,

“A” is the number of whole and partial calendar months between the date on which the application is submitted and the beginning of the fiscal year that immediately follows.

- (3.1) On or before the day on which a fiscal year ends, a corporation, partnership, sole proprietorship or other entity that has a mortgage brokerage licence shall pay a regulatory fee in respect of the next fiscal year of \$841.

- (4) Mortgage broker’s licence – The applicable fee for an application for a mortgage broker’s licence under subsection 8(1) of the *Mortgage Brokerages, Lenders and Administrators Act, 2006* is the following:

- (a) For a licence that is to take effect at the beginning of a fiscal year, \$941.
- (b) For a licence that is to take effect at any other point during a fiscal year, the amount calculated using the formula,

$$\$100 + (A \times \$841/12)$$

in which,

“A” is the number of whole and partial calendar months between the date on which the application is submitted and the beginning of the fiscal year that immediately follows.

- (4.1) The applicable fee for an application to renew a mortgage broker’s licence is \$841.
- (4.2) An applicant is not required to pay the fee described in subsection 6.2(4) if, on the date the individual submits the application in respect of a period described in that subsection, the individual is a mortgage agent and has paid all applicable fees for mortgage agents under the *Mortgage Brokerages, Lenders and Administrators Act, 2006* in respect of that period.
- (4.3) An applicant is not required to pay the fee described in subsection 6.2(4) or (4.1) if, before the application is submitted, the mortgage brokerage on whose behalf the individual is authorized to deal in mortgages or trade in mortgages in Ontario notifies the Chief Executive Officer that the individual will be designated as its principal broker when the individual’s licence takes effect.
- (4.4) Subsection 6.2(4.3) does not apply if the mortgage brokerage has previously designated another individual as its principal broker in respect of the same fiscal year.
- (5) Mortgage agent’s licence – The applicable fee for an application for a mortgage agent’s licence under subsection 9(1) of the *Mortgage Brokerages, Lenders and Administrators Act, 2006* is the following:

- (a) For a licence that is to take effect at the beginning of a fiscal year, \$941.

- (b) For a licence that is to take effect at any other point during a fiscal year, the amount calculated using the formula,

$$\$100 + (A \times \$841/12)$$

in which,

“A” is the number of whole and partial calendar months between the date on which the application is submitted and the beginning of the fiscal year that immediately follows.

- (5.1) The applicable fee for an application to renew a mortgage agent’s licence is \$841.
- (6) Mortgage administrator’s licence – The applicable fee for an application for a mortgage administrator’s licence under subsection 10(1) of the *Mortgage Brokerages, Lenders and Administrators Act, 2006* is the following:
- (a) For a licence that is to take effect at the beginning of a fiscal year, \$941.
- (b) For a licence that is to take effect at any other point during a fiscal year, the amount calculated using the formula,

$$\$100 + (A \times \$841/12)$$

in which,

“A” is the number of whole and partial calendar months between the date on which the application is submitted and the beginning of the fiscal year that immediately follows.

- (6.1) On or before the day on which a fiscal year ends, a corporation, partnership, sole proprietorship or other entity that has a mortgage administrator’s licence shall pay a regulatory fee in respect of the next fiscal year of \$841.
- (7) Fees not refundable – A fee paid by person or entity under this section 6.2 is not refundable and may not be credited toward any subsequent fee payable by the person or entity.

### **6.3 Fees (Non-Qualified Syndicated Mortgages)**

- (1) The fees payable under this section 6.3 are payable pursuant to subsection 21(2) of the FSRA Act.
- (2) Definitions – In this section 6.3:
- (a) “investor” has the meaning ascribed to that term in subsection 1(1) of Regulation 188/08;
- (b) “non-qualified syndicated mortgage” means a syndicated mortgage that is not a qualified syndicated mortgage;
- (c) “Regulation 188/08” means Ontario Regulation 188/08 made under the *Mortgage Brokerages, Lenders and Administrators Act, 2006*;

- (d) “qualified syndicated mortgage” has the meaning ascribed to that term in subsection 1(1) of Regulation 188/08;
  - (e) “syndicated mortgage” has the meaning ascribed to that term in subsection 1(1) of Regulation 188/08; and
  - (f) “syndicated mortgage disclosure form” means any syndicated mortgage disclosure form approved by the Chief Executive Officer.
- (3) Each brokerage that is required to provide disclosure information and documentation pursuant to subsection 31.1(1) of Regulation 188/08 in respect of a non-qualified syndicated mortgage shall pay a fee in respect of that non-qualified syndicated mortgage in the amount of \$200.
  - (4) The fee payable pursuant to subsection 6.3(3) shall be paid within 5 days following the date on which any prescribed disclosure documentation was first provided by or on behalf of the brokerage to the first potential or actual lender or investor in a non-qualified syndicated mortgage and shall be accompanied by a copy of the syndicated mortgage disclosure form provided to such first potential or actual lender or investor in respect of that non-qualified syndicated mortgage.
  - (5) Fees not refundable – A fee paid by person or entity under this section 6.3 is not refundable and may not be credited toward any subsequent fee payable by the person or entity.

## **PART 7 PENSION SECTOR ASSESSMENTS AND FEES**

### **7.1 Assessments**

- (1) Definitions – In this Part 7,
  - (a) “administrator” has the same meaning as in subsection 1(1) of the *Pension Benefits Act*;
  - (b) “assessable pension plan” means a pension plan,
    - (i) for which an application for registration under section 9 of the *Pension Benefits Act* has been filed, or
    - (ii) for which a certificate of registration has been issued under section 16 of the *Pension Benefits Act*,
 as of a date on or before a date determined by the Authority for the purposes of preparing its final budget in respect of a particular assessment period;
  - (c) “beneficiaries” in respect of an assessable pension plan means:
    - (i) members, former members, and retired members of the pension plan, and
    - (ii) other beneficiaries who as a result of the actual death of a member, former member or retired member either are in receipt of, or have a right to receive, a pension from the pension plan;

- (d) “budgeted pension sector expenses and expenditures for the assessment period” means, in respect of a particular assessment period, the total amount of direct costs of, and common costs that the Authority allocates to, the pension sector in respect of the assessment period, as set out in the final budget;
  - (e) “budgeted pension sector fees for the assessment period” means, in respect of a particular assessment period, the total amount of fees that the Authority estimates will be charged to pension sector assessable entities in respect of the assessment period, as set out in the final budget;
  - (f) “discontinued plan” means a pension plan for which an annual information return has been filed under section 29.1 of Regulation 909 of the Revised Regulations of Ontario, 1990 (*General*) made under the *Pension Benefits Act* at any time on or before a date determined by the Authority for the purposes of preparing its final budget in respect of a particular assessment period;
  - (g) “former member” has the same meaning as in subsection 1(1) of the *Pension Benefits Act*;
  - (h) “member” has the same meaning as in subsection 1(1) of the *Pension Benefits Act*;
  - (i) “net budgeted pension sector expenses and expenditures for the assessment period” means, in respect of a particular assessment period, the difference between the total of all budgeted pension sector expenses and expenditures for the assessment period and the total of all budgeted pension sector fees to be charged for the assessment period, which amount shall not be less than zero;
  - (j) “pension plan” has the same meaning as in subsection 1(1) of the *Pension Benefits Act*;
  - (k) “retired member” has the same meaning as in subsection 1(1) of the *Pension Benefits Act*; and
  - (l) “variable share” means, in respect of a particular assessment period, the amount remaining when net budgeted pension sector expenses and expenditures for the assessment period is reduced by the aggregate budgeted assessment amounts in respect of the particular assessment period relating to the pension plans referred to in paragraph 7.1(3)(a).
- (2) An administrator’s share of an assessment of the pension sector in respect of a particular pension plan under subsection 21(2) of the FSRA Act for an assessment period is the following:
- (a) for the administrator of an assessable pension plan, other than a discontinued plan, the share calculated in accordance with subsection 7.1(3); and
  - (b) for the administrator of a discontinued plan, zero.
- (3) For the purposes of paragraph 7.1(2)(a):
- (a) if a particular assessable pension plan has 78 beneficiaries or fewer, the administrator of that particular assessable pension plan’s share of an assessment

of the pension sector for an assessment period and in respect of that particular assessable pension plan is \$750;

- (b) if a particular assessable pension plan has 79 or more beneficiaries, the administrator of that particular assessable pension plan's share of the variable share of an assessment period is determined by calculating the amount

$$(A/B) \times (C \times D)$$

for each tier in the table below,

in which,

"A" is the number of beneficiaries in the tier in the table below in the particular assessable pension plan,

"B" is the total number of beneficiaries in the tier in the table below in all assessable pension plans,

"C" is the percentage of the variable share denoted for that tier in the table below, and

"D" is the variable share,

and then adding together the amounts so calculated for each tier in respect of the particular assessable pension plan.

TIER	INCREMENTS FOR PENSION PLAN BENEFICIARIES	PERCENTAGE OF VARIABLE SHARE TO BE RECOVERED FROM ADMINISTRATORS RELATING TO BENEFICIARIES OF THAT ADMINISTRATOR'S PENSION PLAN IN A PARTICULAR TIER
1	1 <sup>st</sup> to 1,000 <sup>th</sup> beneficiary	41.760%
2	1,001 <sup>st</sup> to 6,000 <sup>th</sup> beneficiary	33.683%
3	6,001 <sup>st</sup> to 12,000 <sup>th</sup> beneficiary	10.066%
4	12,001 <sup>st</sup> to 60,000 <sup>th</sup> beneficiary	9.648%
5	60,001 <sup>st</sup> to 150,000 <sup>th</sup> beneficiary	4.507%
6	In excess of 150,000 beneficiaries	0.336%

- (4) The number of beneficiaries of an assessable pension plan in respect of a particular assessment period is the number of beneficiaries of the assessable pension plan indicated in the most recent annual information return filed under the *Pension Benefits Act* on or before a date determined by the Authority for the purposes of preparing its final

- budget or, in the absence of such a return, the number of beneficiaries indicated in the application for registration of the pension plan submitted under the *Pension Benefits Act*.
- (5) The administrator of an assessable pension plan shall pay its assessment in respect of that assessable pension plan within 30 days after the date of the invoice for the assessment in the manner and to the account specified by the Authority in such invoice.

## 7.2 Fees

- (1) The fees payable with respect to matters under the *Pension Benefits Act* are listed opposite the description in the following table.

DESCRIPTION	FEE
Application fee for registration of a pension plan – <i>Pension Benefits Act</i> , subsection 9(2)	\$250 per application

- (2) Fees not refundable – A fee paid by person or entity under this section 7.2 is not refundable and may not be credited toward any subsequent fee payable by the person or entity.

## PART 8 PRPP SECTOR ASSESSMENTS AND FEES

### 8.1 Assessments and Fees

- (1) No assessments or fees are payable to the Authority in respect of the PRPP sector under subsection 21(2) of the FSRA Act.

## PART 9 GENERAL FEES

### 9.1 Fees

- (1) The fees payable with respect to matters under the FSRA Act are listed opposite the description in the following table.

DESCRIPTION	FEE
Certificates issued by the Chief Executive Officer – FSRA Act, section 20.1	\$25 per certificate
Photocopies of documents except where a fee is specifically provided under another section of this Rule	\$0.50 per page (\$5.00 minimum)

- (2) Fees not refundable – A fee paid by person or entity under this section 9.1 is not refundable and may not be credited toward any subsequent fee payable by the person or entity.

## PART 10 EFFECTIVE DATE AND TRANSITIONAL

### 10.1 Effective Date

- (1) This Rule comes into force on ~~●, 2019~~ the day section 10(2)(b) of the FSRA Act (2017, c.34, Sched. 16, s.6) comes into force, as named in a proclamation of the Lieutenant Governor.

### 10.2 Transitional

- (1) Definitions – in this Part 10,
- (a) “DICO” means the Deposit Insurance Corporation of Ontario; and
  - (b) “DIRF” means the Deposit Insurance Reserve Fund referenced in subsection 276(1) of the *Credit Unions and Caisses Populaires Act, 1994*.
- (2) Notwithstanding any other provision of this Rule, in respect of the first assessment period of the Authority:
- (a) no fee in respect of any matter described in subsection 3.2(1) shall be payable to the Authority if an identical fee for the same matter was paid to the Crown prior to the first assessment period of the Authority;
  - (b) no fee in respect of a licence or the renewal of a licence contemplated by subsection 4.2(1) or subsection 6.2(1) shall be payable to the Authority by a person or entity in respect of any portion of an assessment period where the particular person or entity has, prior to the first assessment period of the Authority, previously paid to the Crown a fee for the same licence or renewal of the licence and the licence so issued or renewed relates to the first assessment period of the Authority;
  - (c) no fee in respect of a certificate referred to in subsection 4.2(1) or subsection 9.1(1) shall be payable to the Authority if an identical fee in respect of the same request was paid to the Crown prior to the first assessment period of the Authority;
  - (d) no licence application fee or regulatory fee contemplated by section 4.3 shall be payable to the Authority by a person or entity in respect of any portion of an assessment period where the particular person or entity has, prior to the first assessment period of the Authority, previously paid to the Crown a licence application fee or regulatory fee pursuant to Section 121.1 of the *Insurance Act* (Ontario) in relation to the first assessment period of the Authority; ~~and~~
  - (e) no fee in respect of an application for registration referred to in subsection 5.2(1) or subsection 7.2(1) shall be payable to the Authority if an identical fee for the same application was paid to the Crown prior to the first assessment period of the Authority; and

(f) the first assessment period shall commence on the day section 10(2)(b) of the FSRA Act (2017, c.34, Sched. 16, s.6) comes into force, as named in a proclamation of the Lieutenant Governor. For the first assessment period, the budget contemplated by section 2.1 may be a budget in respect of FSRA's fiscal year commencing April 1, 2019 and ending on March 31, 2020.

provided, however, that in the case of each such fee referred to in paragraphs (a) through (e) above, the Authority has received full value for such fee from the Crown, as determined by the Authority taking into account the period for which the Authority is accountable for regulation of the relevant regulated sector.

- (3) Notwithstanding any other provision of this Rule, the aggregate assessment of all credit unions in respect of the Authority's first assessment period shall, pursuant to the *Credit Unions and Caisses Populaires Act, 1994* (Ontario) and/or the FSRA Act or the regulations thereunder, be fully satisfied through a one-time withdrawal by the Authority from the DIRF in an amount equal to such aggregate assessment, which withdrawal shall be made upon or following the amalgamation of the Authority and DICO. To the extent the Authority is able to make such one-time withdrawal and retain the monies withdrawn to pay for the Authority's expenses and expenditures, all as determined by the Authority, no credit union will be individually assessed in respect of FSRA's first assessment period relating to the Authority's budgeted expenses and expenditures for that period. If, for any reason, the Authority is unable, in whole or in part, to make such one-time withdrawal and retain the monies charged for such purpose, including due to lack of authority under the *Credit Unions and Caisses Populaires Act, 1994* (Ontario) or the FSRA Act, the preceding provisions of this Section 10.2(3) shall not apply to the extent of such inability and the Authority may assess credit unions pursuant to this Rule to the extent the Authority has been unable to make such one-time withdrawal and retain such monies for such purpose.