

# FINANCIAL SERVICES REGULATORY AUTHORITY OF ONTARIO

## NOTICE AND REQUEST FOR FURTHER COMMENT

### PROPOSED FSRA RULE 2019 – 001 ASSESSMENTS AND FEES

February 4, 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**), is proposing a new assessment and fee rule (a **Fee Rule**) as more fully set out in the Notice and Request for Comment on Proposed FSRA Rule 2019-001 Assessments and Fees dated October 5, 2018 and in the proposed FSRA Rule 2019-001 – Assessments and Fees attached as Appendix A to that Notice.

Following public consultation, FSRA is proposing to revise certain provisions of the proposed Fee Rule as more fully set out in this Notice and in the revised FSRA Rule 2019-001 – Assessments and Fees (the **Revised Fee Rule**) attached as Appendix C to this Notice.

With this Notice, FSRA is seeking public comment on the Revised Fee Rule in accordance with section 22 of the FSRA Act. Interested persons are invited to make written representations to FSRA with respect to the Revised Fee Rule by February 25, 2019, as more particularly set out under the heading “Comments” at the end of this Notice.

#### 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. On October 5, 2018, the Authority published for comment proposed FSRA Rule 2019-001 – Assessments and Fees (the **Proposed Fee Rule**).

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**).

FSRA sought public comment on the Proposed Fee Rule and Interim Fee Rule in accordance with section 22 of the FSRA Act and provided a 90-day comment period. The comment period expired on January 4, 2019.

The comment period for the Interim Fee Rule having closed, no further public comment is being sought in respect of the Interim Fee Rule.

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

The substance and purpose of the Revised 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 Notice published on October 5, 2018 with the Proposed Fee Rule (the **Original Notice**)), to enable FSRA to carry out its legislated mandate.

## **Summary of Written Comments Received**

FSRA received 91 submissions, including questions and comments, on the Proposed Fee Rule, as well as the Interim Fee Rule, from 80 individual commentators during the 90-day comment period. Appendix A to this Notice is a list of those who provided comments. For a summary of these comments and FSRA's responses, please see Appendix B to this Notice. Questions raised in these submissions were answered on FSRA's website (see [link](#)).

## **Summary of Changes**

This section describes changes made to the Proposed Fee Rule published for comment on October 5 2018, except that changes of a minor nature, changes made only for purposes of clarification or drafting changes, are generally not discussed.

### Part 1 - Interpretation

This Part defines the terms used in the Revised Fee Rule and deals with certain interpretation issues. No substantive changes have been made to this Part.

### Part 2 – Sectoral Assessment Process

This Part sets out general rules to be followed by FSRA in connection with the sectoral assessment process. No substantive changes have been made to this Part.

### Part 3 – Credit Unions Sector Assessments and Fees

This Part sets out the fee and assessment provisions for the credit unions sector, comprising credit unions and caisse populaires (collectively, **credit unions**).

While no substantive changes have been made to this Part (other as described immediately below), in response to comments received, FSRA is making substantive changes to the transition provisions in Section 10.2(3) such that, in effect, changes to individual credit union assessments (in particular, the application of Risk-Weighted Assets (RWA) in the calculation of such individual assessments) are not anticipated to occur until FSRA's second assessment period (i.e., the period commencing on April 1, 2020).

These changes to the transition provisions will not impact the assessment of the other sectors FSRA regulates or the assessment of the credit unions sector as a whole. For more information on the changes to the transition provisions, see "Part 10 – Effective Date and Transitional" below.

In response to comments received, FSRA has also revised Section 3.1(4) to change the deadline for payment of an assessment by a credit union from 14 days to 30 days after the date of the invoice.

#### Part 4 – Insurance Sector Assessments and Fees

This Part sets out the fee and assessment provisions for the insurance sector.

As indicated in the Original Notice, there are two types of fees in place for health service providers (**HSPs**) today: a license application fee and an annual regulatory fee (composed of a fee per location and a fee per statutory accident benefits schedule (**SABS**) claimant). HSPs will continue to be charged these fees. However, under the Proposed Fee Rule, an exemption from the payment of the annual regulatory fee was proposed to apply to an HSP who certifies that (s)he treated 6 or fewer claimants for statutory accident benefits in the prior year (the “**Proposed Exemption**”). The Proposed Exemption was requested by industry participants, and proposed by FSRA, as it was thought that it would remove a potential regulatory cost barrier and would promote continued service availability in remote and underserved parts of Ontario. The annual regulatory fees for those HSPs who were not going to be exempted were to be increased to offset the anticipated fee revenue lost as a result of the creation of the Proposed Exemption.

Based on comments received and further research conducted by FSRA, FSRA has determined that the Proposed Exemption did not clearly support the policy considerations that lead to it being advanced in the Proposed Fee Rule. Further, FSRA has identified the HSP regulatory framework and its costs and effectiveness as an area requiring further review (see section 8.1.3 of FSRA’s Draft 2019-20 Priorities and Budget (the “**Draft Budget and Priorities**”) which was published on FSRA’s website on January 21, 2019 (see [link](#)). FSRA has decided to maintain the HSP fee structure that exists today under FSCO’s approach. As such, the Revised Fee Rule removes the Proposed Exemption, and the HSP fees set out in the Proposed Fee Rule have been reduced to match the HSP fees currently charged under FSCO’s approach.

Under the FSRA Act, HSPs are part of the insurance sector, and more specifically part of the automobile insurance rate approval activities. As FSRA expects to assess the HSP subsector for the same amount after removing the Proposed Exemption, this substantive change will not impact the assessment of the other sectors FSRA regulates or the assessment of, or within, the insurance sector (other than HSPs).

In response to comments received, FSRA has revised Section 4.1(8) to change the deadline for payment of an assessment by an insurer from 14 days to 30 days after the date of the invoice.

#### Part 5 – Loan and Trust Sector Assessments and Fees

This Part sets out the fee and assessment provisions for the loan and trust sector.

In response to comments received, FSRA has revised Section 5.1(3) to change the deadline for payment of an assessment by a loan or trust corporation from 14 days to 30 days after the date of the invoice.

#### Part 6 – Mortgage Brokering Sector Assessments and Fees

This Part sets out the fee and assessment provisions for the mortgage brokering sector. No substantive changes have been made to this Part. As identified in section 5.3 of the Draft Budget and Priorities (see [link](#)), the fees collected by FSCO and provided to FSRA, and the other fees collected by FSRA, for the mortgage brokering sector are expected to be less than the budgeted expenses and expenditures associated with regulating this sector in FSRA’s first assessment period. However, FSRA anticipates that the fees charged to this sector during FSRA’s second and subsequent assessment periods will be sufficient to offset this shortfall. As such, rather than increasing fees for the mortgage brokering sector during FSRA’s first assessment period, FSRA is proposing to borrow to

fund the shortfall identified in the Draft Budget and Priorities for this sector and to repay the borrowings with fees charged to the mortgage brokering sector in one or more subsequent assessment periods. This is consistent with the FSRA Fee Rule vision and principles more particularly described in the Original Notice.

#### Part 7 – Pension Sector Assessments and Fees

This Part sets out the fee and assessment provisions for the pension sector.

In response to comments received regarding the term “other beneficiaries”, FSRA has revised the definition of “beneficiaries” in Section 7.1(1)(c) to provide greater clarity with respect to the identification of “other beneficiaries”.

In response to comments received, FSRA has also revised Section 7.1(5) to change the deadline for payment of an assessment by an administrator of an assessable pension plan in respect of that assessable pension plan from 14 days to 30 days after the date of the invoice.

#### Part 8 – Pooled Registered Pension Plan (PRPP) Sector Assessments and Fees

This Part sets out the fee and assessment provisions for the PRPP sector (i.e. pooled registered pension plan sector). No substantive changes have been made to this Part.

#### Part 9 – General Fees

This Part sets out general fees for certificates and photocopies. No substantive changes have been made to this Part.

#### Part 10 – Effective Date and Transitional

This Part sets out the effective date of the Revised Fee Rule, together with transitional matters relating to fees and assessments.

As noted above under “Part 3 – Credit Unions Sector Assessments and Fees”, in response to comments received, FSRA is making substantive changes to the transition provisions in Section 10.2(3). These provisions were proposed prior to the determination that FSRA and DICO would amalgamate.

Currently, credit unions are regulated by both FSCO (in relation to market conduct) and DICO (for prudential supervision). Under the existing assessment process for credit unions, DICO charges credit unions on a prospective basis for premiums, which cover both the cost of prudential regulation and funding obligations in respect of the DIRF. The Fee Rule is directed at generating funds for FSRA in respect of its regulatory oversight role of the credit unions sector (i.e. for prudential supervision and in relation to market conduct).

During the 90-day comment period, FSRA received comments from credit unions sector participants recommending, among other things, that funding from the sector for FSRA’s first assessment period use the “old formula”, which FSRA has interpreted, after discussion with sector participants, to mean the manner in which DICO charges premiums to credit unions under the *Credit Unions and Caisses Populaires Act, 1994* (Ontario) (**CUCPA**). The “old formula” uses “Total Insured Deposits” as the premium base, and a formula is set out in regulations under the CUCPA to determine the rate paid based on an assessment of the credit union’s capital and governance, in accordance with DICO’s “Differential Premium Score Determination Document”.

Consequently, as requested by commenters, under the Revised Fee Rule, FSRA is proposing to effectively stay with the *status quo* for individual credit unions, as currently assessed by DICO, for FSRA's first assessment period, with necessary transitional arrangements being made to:

- address the impact of DICO being amalgamated with FSRA,
- provide a common change-over date of April 1, 2020 for all credit unions to RWA-based assessments, along with interim arrangements in respect of deposit-based premium charges until such time, and
- ensure that payments received by DICO, to cover regulatory costs and to otherwise fund the Deposit Insurance Reserve Fund (**DIRF**), can be appropriately identified and separated so that FSRA has available funds provided by credit unions to pay the aggregate credit unions sector assessment for FSRA's first assessment period (and thereby cover FSRA's budgeted expenses and expenditures until March 31, 2020), and the DIRF receives a contribution for DIRF-specific purposes.

More specifically, FSRA is proposing to change the transition provisions in Section 10.2(3) such that changes to individual credit union assessments (in particular, the application of RWA in the calculation of such individual assessments) will not occur until FSRA's second assessment period (i.e. the period commencing April 1, 2020). Under the proposed transition provision, the aggregate assessment of all credit unions in respect of FSRA's first assessment period shall be fully satisfied through a one-time withdrawal from the DIRF upon or shortly after the amalgamation of FSRA and DICO - this withdrawal will relate solely to the aggregate assessment of all credit unions in respect of FSRA's first assessment period (i.e., the aggregate budgeted expenses and expenditures for the credit unions sector relating to FSRA's first assessment period), and for greater certainty will not include any other amounts. The quantum of the one-time withdrawal from the DIRF in respect of FSRA's credit unions sector budgeted expenses and expenditures is the subject of the Draft Budget and Priorities (see [link](#)). After this one-time withdrawal, the DIRF will be kept separate and apart from the funds available to pay FSRA's expenses and expenditures, and will be used only as permitted by CUCPA. Under FSRA's proposal, no separate assessment in respect of FSRA's budgeted expenses and expenditures for FSRA's first assessment period will be invoiced by FSRA to any individual credit union for payment. During this first assessment period, credit unions will continue to be required to pay deposit-based premiums into the DIRF, in accordance with Ontario Regulation 237/09 and historic DICO premium assessment practices; other than the one-time withdrawal noted above, DIRF premiums will not be used by FSRA to pay FSRA's expenses and expenditures.

In the event that the amount withdrawn from the DIRF to pay the credit unions sector's assessment for budgeted expenses and expenditures in FSRA's first assessment period differs from FSRA's actual aggregate expenses and expenditures in respect of the credit unions sector relating to FSRA's first assessment period, this will be taken into account (either as indicating an increase or a decrease in the aggregate credit unions sectoral assessment, as the case may be) and as one factor in determining the direct costs of the credit unions sector relating to FSRA's second assessment period. For greater certainty, any such difference will not result in a further amount being withdrawn from the DIRF to cover credit union sectoral expenses and expenditures, and will not result in FSRA repaying any such difference to the DIRF.

The Ministry of Finance, in conjunction with FSRA, is working to determine whether amendments to relevant legislation and regulations, if necessary, are required to facilitate the transitional Fee Rule arrangements described in this Part 10 for credit unions sector assessments and for the separation of payments received by DICO to cover FSRA's first assessment period budgeted credit unions sector expenses and expenditures and to fund the DIRF. The Revised Fee Rule assumes that any such amendments, which if passed, will relate to FSRA's ability to make the proposed one-time withdrawal

from the DIRF, and will be enacted before the Fee Rule comes into force, failing which individual credit unions will be assessed as proposed in the Original Notice.

Under the Revised Fee Rule, for FSRA's second assessment period commencing April 1, 2020, FSRA will charge RWA-based assessments for regulatory oversight. Further, while not governed by FSRA's Fee Rule, FSRA expects that FSRA will continue to charge, in accordance with CUCPA and the applicable regulations governing the DIRF, deposit-based premiums to fund the DIRF.

These changes to the transition provisions will not impact the assessment of the other sectors FSRA regulates or the assessment of the credit unions sector as a whole.

### **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 this Act or any other Act.

### **Unpublished Materials**

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

### **Alternatives Considered**

During the development of the Revised Fee Rule, FSRA considered the submissions received by FSRA during the 90-day comment period on the Proposed Fee Rule as alternatives to the Fee Rule FSRA had proposed. Appendix B describes FSRA's analysis of these alternatives. Details of the alternatives originally considered by FSRA were included in the Original Notice published on October 5, 2018.

### **Anticipated Costs and Benefits**

The principal benefit of the changes proposed in the Revised Fee Rule is that it reflects comments received from the regulated sectors that will facilitate a better transition to the Fee Rule and will help ensure that the administration of such Fee Rule is less burdensome.

The Revised Fee Rule continues to support 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 Original Notice. The Revised Fee Rule will continue to ensure that FSRA is financially able to fulfill its regulatory mandate.

The benefits of the Revised Fee Rule by sector continue to be described in the commentary contained throughout the Original Notice, including in the commentary under the heading "Alternatives Considered" in the Original Notice.

## **Regulations to be Revoked**

As noted above, the Ministry of Finance, in conjunction with FSRA, is working to determine whether amendments to relevant legislation and regulations (potentially including amendments to CUCPA and/or Regulation 237/09 governing DICO assessments for the DIRF) are required and, if so and if passed, will facilitate the transitional Fee Rule arrangements described in Part 10 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 Revised 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 Revised Fee Rule.

## **Text of Revised Fee Rule**

For the text of the Revised Fee Rule and a blackline showing changes to the Proposed Fee Rule, please see Appendices C and D, respectively, to this Notice.

## **Comments**

Interested parties are invited to make written representations with respect to the Revised Fee Rule. Submissions received by February 25, 2019 will be considered.

Submissions should be submitted through the submission system on FSRA's website at:

<http://fsrao.ca/en/consultations/form?rule=assessment-and-fees>

FSRA will be pleased to answer questions concerning the Revised Fee Rule to assist the public in submitting written representations. Questions may be submitted at:

<http://fsrao.ca/en/consultations/form?form=question&rule=assessment-and-fees>

All answers to questions will be posted at <https://www.fsrao.ca/en/consultations/assessment-and-fees?view=answers>. FSRA may edit or conform questions to provide better feedback to the public.

Under the FSRA Act, the Authority is required to make all written representations available for public inspection during the normal business hours of the Authority. As a result, all submissions received by February 25, 2019 will be posted on FSRA's website at <https://www.fsrao.ca/en/consultations/assessment-and-fees?view=comments> at the time they are received.

The Authority is permitted to hold written representations in confidence so long as the Authority is of the opinion that the representations so held disclose sensitive financial, personal or other information and that the desirability of avoiding disclosure thereof in the interests of any person affected outweighs the desirability of adhering to the principle that representations made to the Authority be available to the public for inspection. Even if the Authority determines to hold submissions in confidence, freedom of information legislation may require the Authority to make such submissions available. Persons making submissions should be aware of this. The Authority is also of the view that personal information should not be included in submissions.

**APPENDIX A TO NOTICE AND REQUEST FOR FURTHER COMMENT ON  
PROPOSED FSRA RULE 2019 – 001  
ASSESSMENTS AND FEES**

**LIST OF COMMENTERS**

1. The Canadian Credit Union Association (CCUA), Credit unions and caisses populaires
2. Your Neighbourhood Credit Union (YNCU), Credit unions and caisses populaires
3. Libro Credit Union, Credit unions and caisses populaires
4. Ontario Rehab Alliance (ORA), Health Service Provider
5. Canadian Association of Direct Relationship Insurers (CADRI), Insurance
6. Canadian Life and Health Insurance Association (CLHIA), Insurance
7. Canadian Association of Independent Life Brokerage Agencies (CAILBA), Insurance
8. Independent Financial Brokers of Canada (IFB), Insurance
9. Insurance Bureau of Canada (IBC), Insurance
10. The Canadian Association of Financial Institutions in Insurance (CAFII), Insurance
11. The Co-operators, Insurance
12. Intact, Insurance
13. Aviva, Insurance
14. Desjardins Insurance Group, Insurance
15. Mortgage Professionals of Canada (MPC), Mortgage Brokerage
16. First Source Mortgage Corporation, Mortgage Brokerage
17. Foremost Financial, Mortgage Brokerage
18. Firm Capital, Mortgage Brokerage
19. OMERS, Pension Plan
20. CAAT Pension Plan, Pension Plan
21. Ontario Teachers' Pension Plan (OTPP), Pension Plan
22. Ontario Pension Board (OPB), Pension Plan
23. Healthcare of Ontario Pension Plan (HOOPP), Pension Plan
24. The Canadian Federation of Pensioners (CFP), Pension Plan
25. The Association of Canadian Pension Management (ACPM), Pension Plan
26. The Ontario Bar Association (OBA), All sectors
27. Richard Austin, All sectors
28. Lance Humphries, Mortgage Brokerage
29. Igor Tsemokh, Mortgage Brokerage
30. Jacquelyn Bonneville, Health Service Provider
31. Katie Wolk, Health Service Provider
32. Kathleen Morris, Health Service Provider
33. Sarah Good Health Service Provider
34. Maria Paulsson, Health Service Provider
35. Susan Cook, Health Service Provider
36. Nir Tamir, Health Service Provider

37. Gina Matesic, Health Service Provider
38. Nevena Moylan, Health Service Provider
39. Alicia McDougall, Health Service Provider
40. Bob Maitland, Health Service Provider
41. Lisa McGowan, Health Service Provider
42. Janine Holleran, Health Service Provider
43. Maathavan Thillai, Health Service Provider
44. Sumon Chakrabarti, Health Service Provider
45. Dan DeLuca, Mortgage brokerage
46. Dean Love, Mortgage brokerage
47. Peter Bassit, Health Service Provider
48. Kelli Blunt, Health Service Provider
49. Sherri Flegel, Health Service Provider
50. Mark Blau, Health Service Provider
51. Reena Pathak, Health Service Provider
52. Alison Birkett, Health Service Provider
53. JR Nieuwland, Health Service Provider
54. Samantha Glowinski, Health Service Provider
55. Lisa McGowan, Health Service Provider
56. Anjelika Alechina, Health Service Provider
57. Patricia Fleet, Health Service Provider
58. Virginia Nsitem Health Service Provider
59. Jerry Rose, Verico Allendale Mortgage Services Ltd., Mortgage brokerage
60. Amrut Rathod, Reliable Financial Group Inc, Mortgage brokerage
61. Stephen Lidsky, PMC Funding, Mortgage brokerage
62. Karen Rucas, Life care planning consultants, Health Service Provider
63. Nicholas Livadas, Health Service Provider
64. Leslie Birkett, Health Service Provider
65. Donna Barrett, Health Service Provider
66. Heather McKechnie, Health Service Provider
67. Wendy Nieuwland, Skill Builders Physiotherapy & Rehab Centre, Health Service Provider
68. Kim Lamont, Kim Lamont & Associates, Health Service Provider
69. Stephen Konkle, Health Service Provider
70. Reza Nejad, healthcare management group, Health Service Provider
71. Pam Kreps, Kreps Chiropractic Centre, Health Service Provider
72. Joanne Hublely, Liva health, Health Service Provider
73. Sean Batte, Sean Batte Chiropractic Professional Corporation, Health Service Provider
74. Dr. Scott Wilson, Physiomed, Health Service Provider
75. Daniel Andress, easyfinancial Services Inc.
76. Keshena Malik, Health Service Provider
77. John Brooksbank, Chiropractic Health Care Centre, Health Service Provider
78. Moira, Hunter-Kenyon, Health Service Provider
79. Marie Hren, Neuro-Rehab Services Inc., Health Service Provider
80. Shannon McGrath, ModernOT, Health Service Provider

**APPENDIX B TO NOTICE AND REQUEST FOR FURTHER COMMENT ON  
PROPOSED FSRA RULE 2019 – 001  
ASSESSMENTS AND FEES**

**SUMMARY OF COMMENTS RECEIVED AND FSRA RESPONSES**

FSRA is appreciative of the significant effort that went into the comments it received on its Proposed Fee Rule. FSRA would like to thank all commenters for the views expressed. FSRA, with the assistance of its external advisers, has carefully considered all comments received.

As noted in the Notice to which this Appendix forms a part, FSRA has changed its Proposed Fee Rule to the Revised Fee Rule to address comments received. Many other comments went beyond the Proposed Fee Rule, but were of assistance to FSRA as it prepared its Draft Priorities and Budget consultation (see [LINK](#)).

Below is a synthesis of all comments received, grouping similar Themes together and providing a Summary of the comments, and FSRA’s Response to those comments. Individual comments remain on FSRA’s website at [LINK](#) if you would like to review the comments FSRA received.

Item #	Section Reference	Theme	Summary of Issues/Comments	Response
<b>Introduction</b>				
1		Fee Rule Vision & Principles	<p>All industry associations and large regulated sector participants that commented on FSRA’s proposed principles for the Fee Rule generally agreed with the proposed principles (“<b>Fee Rule Principles</b>”). Commenters believed these are relevant in creating a balanced and effective fee structure.</p> <p>Commenters also supported FSRA’s vision of being a flexible, self-funded regulator. This included support for FSRA building out a roster of talented staff with the experience and innovative approaches that will best reflect and carry out FSRA’s mandate. Commenters noted</p>	No response required.

Item #	Section Reference	Theme	Summary of Issues/Comments	Response
			that it will be important for FSRA to retain independence from the government and to regulate with a principles-based and evidence-based approach, in addition to continually monitoring costs and staying ahead of sector trends.	
2		Fairness – Sectors should bear their own costs	<p>Commenters agreed with FSRA’s approach to avoid cross-subsidization of sectors.</p> <p>One commenter noted that associations support the principle of industry self-funding its own regulation which is also reflected in the allocation of funding for the major financial sectors. This commenter also noted that the principles are consistent with its understanding that it is FSRA’s intention to include, within the funding envelope for auto insurance rate regulation, the funding required for the regulator’s efforts in implementing auto insurance claims cost control and reform of the auto insurance rate regulation.</p> <p>Three pension sector commenters noted their desire for FSRA to avoid cross-subsidization between regulated sectors and supported the notion that each sector should fund the costs they directly incur.</p>	In keeping with the Fee Rule Principles articulated in the Original Notice, FSRA’s Draft 2019-20 Priorities and Budget (posted on January 21, 2019 – see <a href="#">LINK</a> ) (the “ <b>Draft Budget and Priorities</b> ”) provides sector-by-sector transparency in terms of costs and deliverables, including the direct costs planned in each sector and that sector’s share of common costs.
3		Future Focus - Prospective	<p>Commenters agreed with FSRA’s approach of basing funding on forward looking estimates, rather than retrospective cost recovery.</p> <p>A number of commenters supported the change to an assessment based on budgeted expenses and expenditures rather than actual expenses and expenditures; and that surpluses or deficits from one assessment period would be taken into</p>	<p>No change to the Proposed Fee Rule is proposed by FSRA.</p> <p>In the Original Notice, FSRA committed to a reconciliation process – i.e. taking into account actual costs associated with each regulated sector in the previous period, and the amount expected to be associated with (and therefore charged to)</p>

Item #	Section Reference	Theme	Summary of Issues/Comments	Response
			<p>account in budget setting for the subsequent period.</p> <p>Several commenters also supported the distinction between direct and common costs, although one commenter suggested that FSRA stabilize year-over-year increases related to common costs by putting a cap on the amount that can be reallocated or adopting a process for phasing in increases over a certain amount.</p> <p>An insurance sector commenter suggested that FSRA establish a financial threshold above which reconciliation would be required (for example, such a threshold could be above anticipated inflation levels). This commenter further noted that a reconciliation should be made for the 2019 budget, noting differences with the FSCO model.</p>	<p>each sector in that period – when setting future assessments and fees.</p> <p>As noted in the Fee Rule Principles, this will involve taking into account actual costs experienced in a sector, and drivers of common costs. The assessment of estimated expenses and expenditures and actuals will be taken into account when determining the next year's budgeted expenses and expenditures that will drive the next year's assessment.</p> <p>Given this process and the Fee Rule Principles of simplicity, equity and avoiding cost and administrative burden, any barriers to equitably recovering costs, or more complicated reconciliations, are considered inconsistent with the Fee Rule Principles.</p>
4		Variable Versus Fixed Rate Approach	<p>Commenters agreed with the variable versus fixed rate approaches for each regulated sector, as explained in the Original Notice. Some commenters suggested considerations for the future.</p> <p>An association commenter noted that overall, credit unions support FSRA's recommendation to use a variable rate approach for regulated sectors with larger participants. A credit union commenter also supported this position.</p> <p>A number of insurance sector commenters supported the implementation of a variable rate model for insurers in the insurance sector, although one commenter in this sector suggested</p>	<p>No change to the Proposed Fee Rule is proposed by FSRA.</p> <p>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</p>

Item #	Section Reference	Theme	Summary of Issues/Comments	Response
			<p>that a fixed rate approach should be considered for activities where the cost is not a function of size (see Item # 22, below).</p> <p>Several pension sector commenters supported a variable rate approach for that sector and some suggested that FSRA accumulate data which may support additional activity or cost-based fees.</p>	<p>Fee Rule occurs.</p>
5		Fee Rule Review	<p>A number of commenters agreed with FSRA's statement indicating a review of the Fee Rule in the near-to-midterm (e.g. in three years' time).</p> <p>One insurance sector commenter noted that in the next 3-year review, FSRA should bring forward evidence on the regulator's experience with the relative costs of market conduct supervision for the different segments of the P&amp;C industry. Based on that evidence, a case may be made at that time for greater refinement of the cost allocation formula – through assessments and/or activity fees – to match companies' regulatory costs with the proportionate effort applied to their market conduct supervision.</p> <p>Another insurance sector commenter suggested that it expects a robust and transparent budgeting process and a review of the fee model in 3 years' time.</p> <p>A number of other insurance sector commenters supported a review of the Fee Rule at the three-year mark, in one case suggesting that FSRA should expressly commit to a review at that time.</p> <p>Several pension sector commenters</p>	<p>No change to the Proposed Fee Rule is proposed by FSRA.</p> <p>As already noted in the Original Notice, FSRA anticipates that it will review the Fee Rule in the near-to-midterm (e.g., in three years' time) to assess whether it continues to be appropriate at that time for each regulated sector and part thereof, or whether a different approach should be adopted at that time.</p> <p>While the intent is to undertake a regular review over the near-to-midterm, committing to a specific timeframe would create risks for FSRA's ability to fund itself continuously going forward if, for any reason, the review could not, or should not, be completed on schedule. FSRA intends to retain its discretion to decide on the exact timing of the Fee Rule review.</p> <p>At the time of any future review of the Fee Rule, FSRA will consider all available data and information to ensure that any changes to the Fee Rule are consistent</p>

Item #	Section Reference	Theme	Summary of Issues/Comments	Response
			<p>recommended or supported a review of the Fee Rule over time to ensure it remains aligned with FSRA's actual expenses and regulatory approach and continue to develop a Fee Rule approach proportionally based on risk and regulatory effort.</p> <p>A number of commenters in the insurance and pension sectors noted that, while supportive of a variable rate approach on a current basis, in connection with the review of the Fee Rule in the future, the issue of fixed <i>versus</i> variable rate should be reconsidered based on available data and information.</p>	with the Fee Rule Principles.
<b>Part 2 – Sectoral Assessment Process</b>				
6	2.1 Preparation of Budgets by Authority	Draft Budget and Regular Budget Review	<p>Commenters generally understand FSRA will have start-up related costs and suggested that FSRA regularly review budgeted versus actual expenses and expenditures.</p> <p>One commenter noted that it understands that the creation of FSRA will have start-up costs which will be more significant in the first years.</p> <p>Another commenter recommended that FSRA allow for a regular review cycle to compare projected versus actual funding.</p> <p>A further commenter supported the proposed sectoral assessment process and FSRA's consultation process on its budget.</p> <p>Another commenter recommended that FSRA have a mandatory review of fees and budgets with industry prior to setting new price points.</p>	<p>In keeping with the Fee Rule Principles articulated in the Original Notice, FSRA has recently posted its Draft Budget and Priorities for comment – see <a href="#">LINK</a>. It provides sector-by-sector transparency in terms of costs and deliverables, including the direct costs planned in each sector and that sector's share of common costs. It also details the FSRA priorities as well as FSRA's costs and budgets.</p> <p>As stated in Section 2.1 of the Proposed Fee Rule, FSRA is committed to posting a draft budget on its website and may undertake additional consultations with regulated sectors to assist in the finalization of its budget. Subject to adjusting its budget and priorities consultation process in future years to learn from the current year, FSRA</p>

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				remains committed to transparency and consultation on its proposed budget.
7	2.2 Determination and Allocation of Direct Costs and Common Costs by Regulated Sector	Direct and Common Costs in Budget	<p>A credit union commenter asked that FSRA reconsider the notion that it is “not in a position to develop a comprehensive budget”. The commenter suggested that historical data should provide accurate illustrations of sector expenses and expenditures, and that FSRA should be able to produce an accurate and detailed budget. In addition, that commenter sees common costs “as items that should be fairly paid by the specific industry they derive from”.</p> <p>One insurance sector commenter requested additional information on the methodology for sharing common costs.</p> <p>Another insurance sector commenter recommended that:</p> <ul style="list-style-type: none"> <li>• Consideration should be given to directing FSRA to set up its budget in layers, starting with a base of core costs and then adding time-limited special-purpose or project funding.</li> <li>• FSRA should clearly delineate “start-up” costs from those expenses that will be ongoing for the regulator.</li> <li>• FSRA should have a vigorous and open annual budgeting process that includes detailed reporting of expenditures matched with activity areas and priorities as well as explanations for budgetary surpluses and deficits to be addressed in future assessments.</li> </ul>	<p>In keeping with the Fee Rule Principles articulated in the Original Notice, FSRA has recently posted its Draft Budget and Priorities for comment – see <a href="#">[LINK]</a>. It provides sector-by-sector transparency in terms of costs and deliverables, including the direct costs planned in each sector and that sector’s share of common costs.</p> <p>FSRA has developed the Draft Budget and Priorities based on available historical data. Given limited data and the presence of common costs, it is not practical at this time to delineate all “start-up” or other costs that may change over time, but FSRA has identified the main drivers of its budgeted costs and fee/assessment increases, including those related to foundation building and start-up costs (e.g. interest on start-up funding; depreciation on capital assets required for FSRA to launch and achieve its mandate; additional employee costs; recovery of start-up deficit).</p> <p>Leveraging data collected in FSRA’s first year of operations, its budget will be adjusted for the second year of operations and FSRA expects that additional information will then be available for budget analytics.</p>

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8	2.3 Contingency Reserve Amount	Contingency Reserve Amount	<p>A number of commenters commented on the proposed contingency reserve amount:</p> <ul style="list-style-type: none"> <li>• One commenter requested more information on how contingency reserve amounts will be allocated and the timeline for building the contingency fund.</li> <li>• Another commenter supported strict governance mechanisms surrounding the contingency reserve amount and the \$4 million cap already articulated in the Proposed Fee Rule.</li> <li>• Another commenter was supportive of the development of a capped contingency fund, but did not believe this needs to occur within the first year of operations; rather, that commenter suggested funding the reserve over a period of years.</li> <li>• Another commenter suggested that it would be appropriate to state what factors would be considered in determining the size of the contingency reserve amount.</li> </ul>	<p>Answers to questions related to the contingency reserve amount have been posted on FSRA’s website (see <a href="#">LINK</a>).</p> <p>Following publication of the Proposed Fee Rule and discussions with the Ministry of Finance about the expected availability of debt funding to cover contingencies, as shown in FSRA’s Draft Budget and Priorities (see <a href="#">LINK</a>), FSRA made the decision not to build a contingency reserve amount into its budget for its first assessment period. As such, no contingency reserve amount is included in the common costs in the Draft Budget and Priorities. FSRA reserves the right to include contingency reserve amounts in its budgets, in accordance with the provisions in the Proposed Fee Rule.</p>
<b>Part 3 – Credit Unions Sector Assessments and Fees</b>				
9	3.1 Assessments	Support for Risk-Weighted Assets (in principle)	<p>An association commenter indicated that credit unions support, in principle, the move to Risk-Weighted Assets (“RWA”) as a part of the calculation for the eventual Fee Rule. However, it expressed concern surrounding the speed of transition that would be affected by presently unknown variables (e.g. potential revisions to the capital rules which will change the calculation of</p>	<p>As described in Part 3 of this Notice, the implementation of Section 3.1 of the Proposed Fee Rule is subject to the revised transition provisions in Section 10.2(3) of the Proposed Fee Rule. These revisions provide that FSRA expects to be able to make a one-time withdrawal from the Deposit Insurance Reserve Fund (“DIRF”), which has been funded by</p>

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			<p>RWA).</p> <p>A sector participant commenter indicated that while it respects the RWA approach as best practice, it is important to highlight that the method will charge greater fee assessments to the largest credit unions (which tend to be more RWA intensive and may be less reliant on deposit funding).</p>	<p>deposit-based premiums assessed by DICO, to thereby fund FSRA’s expenses and expenditures in respect of its first assessment period. If so, the Proposed Fee Rule changes to individual credit union assessments (in particular, the application of RWA in the calculation of such individual assessments) will not occur until FSRA’s second assessment period commencing April 1, 2020.</p> <p>While FSRA is supportive of providing this transitional relief, and is able to achieve greater simplicity and lower administrative burden with these revisions, FSRA notes that RWA-based assessments are, and were well-supported by commenters as being, the best available proxy for prudential and conduct supervision. FSRA intends to proceed to implement RWA-based assessments in FSRA’s second assessment period commencing April 1, 2020.</p>
10		Status Quo Fee Rule until legislative reforms complete	<p>An association commenter and two other commenters recommended that funding from the sector for the fiscal year 2019-20 remain frozen at the existing fiscal year 2018-2019 levels using the “old formula”. This was due to broader regulatory uncertainty related to the modernization process for the <i>Credit Unions and Caisses Populaires Act</i> (“<b>CUCPA</b>”) - the modernization of the CUCPA may impact the rules used to define ratings for RWA – and a lack of knowledge of what FSRA’s budget and</p>	<p>As described in Part 3 of this Notice and as discussed in the Response immediately above, the implementation of Section 3.1 of the Proposed Fee Rule (including the use of RWA) is subject to the revised transition provisions in Section 10.2(3) of the Proposed Fee Rule such that changes to individual credit union assessments (in particular, the application of RWA in the calculation of such individual assessments) are not anticipated to occur until FSRA’s second assessment period</p>

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			<p>operating plan will be.</p> <p>These commenters recommended a delay in implementing a new fee structure until 2020 after FSRA's first operational year and completion of the CUCPA modernization. In their view, this would allow better understanding of the impacts coming from legislative modernization on issues such as capital adequacy rules and the formula that the sector will be subject to (a key component of which will define the rating for RWA).</p>	<p>commencing April 1, 2020. However, FSRA notes that the modernization of the CUCPA is outside FSRA's control and is unrelated to the need for FSRA to fund itself in an appropriate manner. Further, while future changes to capital rules will change the incidence of RWA-based assessments, given such changes would presumably be made to better align RWA with risk, there is no reason to delay the introduction of a RWA-based assessment Fee Rule that will, at any time, use the then-current set of RWA rules. Finally, as set forth in FSRA's Draft Budget and Priorities (see <a href="#">LINK</a>), FSRA's proposed budget and activities are transparently described and available for public comment.</p>
11		Fair Balance between Credit Unions based on size	<p>An association commenter suggested that FSRA consider the distributional effects that the Fee Rule might have within the credit union system given the disparity of credit union RWA. It and a credit union commented that some credit unions may pay vastly more, and some may pay significantly less.</p> <p>To address this, the association commenter and a credit union requested moderating functions be added to the Proposed Fee Rule calculation for two reasons. First, to ensure that there is a reasonable floor for what smaller credit unions (or credit unions with disproportionately lower RWA) will pay. Second, to make sure the largest credit unions – who often also have a higher proportion of RWA on their balance sheets</p>	<p>No change to the Proposed Fee Rule is proposed by FSRA.</p> <p>RWA was determined to be the most appropriate proxy for regulatory prudential and conduct effort, and this was supported by the consultation. As discussed above and outlined in the Revised Fee Rule and this Notice, FSRA intends to only commence RWA-based assessments for its second assessment period commencing April 1, 2020 – this will provide time for credit unions experiencing relative increases to prepare for this change and, if appropriate, adjust their business mix. Further, FSRA has worked with DICO to estimate the impact</p>

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			<p>because of the diversity of their business – have their fees maintained in line with the purported goal to be a proxy for the level of effort required to conduct prudential regulation.</p> <p>A credit union commenter also commented that a moderating function must be included to ensure significant increases are avoided, while also supporting smaller credit unions with a cost reduction.</p>	<p>of moving from deposit-based premiums to RWA-based assessments and the impact is not considered so material that, considering the administrative complexity and cost of additional transitional measures, and considering the continued inequity it would cause between credit unions, it requires more than the transitional relief discussed above.</p> <p>Finally, to further delay the use of RWA-based assessments would mean that less RWA-intense, more deposit-rich, credit unions would continue to subsidize the supervisory costs of more RWA-intense, less deposit-funded, credit unions - which would perpetuate an inequity. The suggestion that RWA-intense/lower-deposit credit unions should not pay more, but RWA-light/high deposit credit unions can still pay less, contravenes the Fee Rule Principles – i.e., each sector must bear its own cost – so it is not possible for a moderating function to be applied to avoid cost increases for the largest credit unions, while also reducing costs for the smaller credit unions, as that would require some other sector to pay.</p>
12		Overlapping administration efforts between the DIRF and regulatory fees	An association commenter that suggested FSRA delay the implementation of the Fee Rule for one year, also suggested that FSRA use that time to move the Deposit Insurance Reserve Fund (DIRF) actuarial assessment, scheduled for 2020, up to 2019. That commenter suggested that this would allow credit unions to better	The DIRF is not the subject of this Fee Rule consultation and, after amalgamation with DICO, FSRA will separately charge credit unions for their DIRF premiums and for FSRA's expenses and expenditures. However, FSRA notes that FSRA's proposed priorities, as set out in the Draft

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			<p>understand FSRA’s approach to funding the DIRF. The commenter was concerned that without clearer articulation of how the DIRF would be managed within FSRA, there is potential for overlap or duplication of administration efforts between regulatory fees and DIRF premiums.</p>	<p>Budget and Priorities (see <a href="#">[LINK]</a>), include accelerated work on the actuarial assessment due in FSRA’s second assessment period beginning April 1, 2020.</p>
13		Changes in sector costs	<p>An association commenter requested that FSRA maintain overall credit union system fees at present level with any change in fees being directly related to changes within the system (i.e. RWA growth).</p> <p>One credit union indicated that with the merger of the two entities there was no justification to increase overall costs with the new FSRA and that it would expect a freeze on current fee structures as FSRA works through its first year of operations to determine full needs through evidence based operations and examinations.</p>	<p>No change to the Proposed Fee Rule is proposed by FSRA.</p> <p>These comments are 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 (see <a href="#">[LINK]</a>), FSRA’s credit union related costs support credit union activities and need to be recovered from credit unions.</p>
14		Status Quo Fees	<p>An association commenter and two credit union commenters asked that 2019 fees assessments remain frozen with the existing regulatory funding model of 2018. The submissions requested maintaining overall credit union system fees at the present level since efficiencies will be gained by merging DICO administrative/back office functions within FSRA.</p>	<p>Comments related to the funding level (budget) required are not the subject of the Fee Rule consultation and are more appropriately addressed as part of FSRA’s Draft Budget and Priorities consultation (see <a href="#">[LINK]</a>).</p> <p>As discussed in the Response immediately above, FSRA’s Draft Budget and Priorities provides information to assist credit unions in understanding the credit union direct and common costs to be recovered from credit unions.</p>

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<b>Part 4 - Insurance Sector Assessments and Fees</b>				
15	4.1 Assessments	Change to Direct Written Premium basis for Fee Rule	<p>Three submissions were supportive of FSRA's proposal to use direct written premiums as the assessment base for market conduct activities:</p> <ul style="list-style-type: none"> <li>• One commenter described this approach as the “best and most accurate measure of industry activity and its interface with consumers within the province – which it is the mandate of FSRA to oversee.”</li> <li>• Another commenter agreed that direct written premiums are a “reasonable proxy for the proportion of regulatory activity generated by each insurer”.</li> <li>• A third commenter supported the approach to use direct written premiums as the base for calculating market conduct related costs.</li> </ul>	No response required.
16		Assessment increases under Direct Written Premiums	One commenter noted that basing assessments upon direct written premiums, rather than net premiums, would result in greater costs for some insurers.	<p>No change to the Proposed Fee Rule is proposed by FSRA.</p> <p>With industry support, FSRA has identified direct written premiums as the best reasonable proxy for the proportion of regulatory activity generated by each insurer. Direct written premiums is a better proxy for conduct regulatory activity than net premiums and will achieve a more equitable result for insurers, with higher assessments for insurers with greater activity while also resulting in lower costs for other insurers with, relatively speaking, lower activity. In</p>

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				particular, the reinsurance of risk (to thereby reduce net premiums below direct written premiums) does not reduce the need for conduct regulation of such activity.
17		Direct Written Premium Cost Impacts – Phase-In of Increases	<p>Three commenters requested that the change in assessment base to direct written premiums be phased-in over a period of time or implemented in a step-scale rate structure.</p> <ul style="list-style-type: none"> <li>• One commenter requested that FSRA implement the Proposed Fee Rule in a gradual manner over multiple years (at least two) to smooth/ease the impact upon those companies affected (e.g. “limit any increase to 50% of the prior year’s assessment in Year 1”).</li> <li>• Another commenter suggested a cap on increases that can be reallocated among larger regulated companies or a process for phasing in increases above a certain threshold.</li> <li>• Another commenter suggested that FSRA incorporate a “step-scale” rate structure for P&amp;C insurance market conduct activities, whereby a decreasing scale would be applied proportional to direct written premiums earned.</li> </ul>	<p>No change to the Proposed Fee Rule is proposed by FSRA.</p> <p>Implementing a phased approach would require a temporary assessment cap, or some other transitional mechanism, for the sector. This would require the difference in funding and expenses and expenditures to be subsidized by other sectors, or by other regulated entities within the sector. Such a cap or other transitional mechanism would be inconsistent with FSRA’s Fee Rule Principles (e.g. each sector bears its own costs and a fair share of common costs; fairness of fee assessments among regulated entities). While transitional relief may be appropriate in some circumstances (thereby requiring FSRA to temper the strict application of the Fee Rule Principles), the assessment changes to insurers as a result of using direct written premiums (instead of net premiums) has not been shown to be sufficiently material to justify the cost and complexity, and continued inequity, arising from delaying introduction of assessments based on direct written premiums.</p>

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				<p>Data currently available does not support a step-scale or tiered rate structure in the insurance sector to achieve greater fairness. Such an approach is not consistent with FSRA's information from FSCO, as informed by stakeholder input. Direct written premiums was identified as the best proxy for the proportion of conduct regulatory activity generated by each insurer and there was no evidence provided to suggest that regulatory costs increase at a decreasing rate with respect to direct written premiums. FSRA will, however, be working to collect additional data and to seek more accurate ways of allocating costs.</p>
18		Stabilize Year-Over-Year Budget Increases	<p>Commenters noted the importance of FSRA maintaining a stable budget over time.</p> <p>One commenter, supported by others, indicated that FSRA needs to stabilize year-over-year increases (as an increase in direct written premiums does not necessarily mean there are additional funds to offset increased expenses).</p> <p>Another commenter indicated that stabilization of year-over-year rate increases is important so that industry participants can adequately budget annual regulatory costs.</p>	<p>No change to the Proposed Fee Rule is proposed by FSRA.</p> <p>Comments related to the funding level (budget) required are not the subject of the Fee Rule consultation.</p> <p>As shown in the Draft Budget and Priorities (see <a href="#">[LINK]</a>), FSRA is committed to a transparent process for establishing its budget, and has communicated this to the sector with a request for feedback/comments. This consultation process provides regulated sectors with transparency on annual priorities and objectives while also providing industry with an opportunity to comment on, and understand, budgeted sector costs.</p>

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19			<p>One commenter noted that it would like to understand whether there will be an adjustment made if direct premiums are substantially different in the assessment period in comparison to the prior year.</p>	<p>No change to the Proposed Fee Rule is proposed by FSRA.</p> <p>With industry support, FSRA has identified direct written premiums as the best reasonable proxy for the proportion of conduct regulation activity generated by each insurer.</p> <p>FSRA is committed to a future focused, consistent, and easy to understand Fee Rule. If an insurer's direct written premiums change in proportion to the sector's total year-over-year (either up or down), this will be reflected in the insurer's next assessment. Adjustments for differences between expected and actual premiums in a year will not be adjusted for that year as it would complicate the Fee Rule and would cause additional costs, with little benefit (since the next year's assessment would be based on that updated information).</p>
20		Future Auto Rates Regulation Reform	<p>Four commenters requested that FSRA make reforms to the current auto rate regulation a top priority:</p> <ul style="list-style-type: none"> <li>• One commenter noted that FSRA should place a high priority on reforming current regulatory activities around auto rate regulation. This commenter suggested that costs could be substantially reduced through redesign, streamlining and greater reliance on the competitive market to establish auto insurance rates.</li> </ul>	<p>Changes to the regulatory framework for auto insurance rate regulation are not the subject of the Fee Rule consultation, but are more appropriately discussed when considering FSRA's priorities.</p> <p>As set forth in its Draft Budget and Priorities (see <a href="#">[LINK]</a>), FSRA is committed to working with the Ministry of Finance to modernize the auto insurance rate regulation framework.</p>

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			<ul style="list-style-type: none"> <li>• Another commenter highlighted the importance of reforms to automobile rate regulation and specifically summarized what the commentator considers to be the benefits (to insurers and the regulator) of transitioning to a “use-and-file” system.</li> <li>• A further commenter suggested that FSRA and the government act immediately on comprehensive reforms to auto insurance product and cost of regulation and place priority on reforming regulatory activities that are known to be inefficient and expensive (e.g., the current rate regulation scheme).</li> <li>• Another commenter recommended that FSRA and the Ministry of Finance look for inspiration at the competitive market driven regulatory framework used successfully with property insurance.</li> </ul>	
21		Minimum Fees	One association commenter supported the principle of requiring corporate entities to contribute to the cost of their regulation; however it noted that some sector participants are not prepared to endorse a “minimum fee” policy without any information from FSRA on how a minimum amount would be determined and potentially impact its member companies.	<p>No change to the Proposed Fee Rule is proposed by FSRA.</p> <p>The minimum fee for insurers is outlined in section 4.1 (3) of the Proposed Fee Rule. This is a continuation from the previous assessment methodology and reflects the minimal regulatory effort associated with any regulated insurer.</p>
22		Fixed Rate Approach for Activities	One commenter suggested that a fixed rate approach should be considered for activities where the cost is not a function of size. For example, it recommended that automobile rate	<p>No change to the Proposed Fee Rule is proposed by FSRA.</p> <p>At this time, data related to the time/cost</p>

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			<p>approval fees be charged on a fixed rate basis, given that the effort required to review a rate filing is not influenced by the size of the insurer but rather by the number of companies operating in the marketplace. That commenter suggested that a variable rate for rate filings incorrectly assumes that larger companies generate a greater cost of expenditures.</p>	<p>estimates associated with rate filings of different complexities and frequencies does not exist.</p> <p>FSRA is committed to trying to better capture this data in the future and will use it to consider filing-based activity fees.</p>
23		Regulatory Costs - General	<p>One commenter noted that the amount it pays to FSCO in annual fees and assessments is approximately five times what is paid to Autorité des marchés financiers (AMF) or the Office of the Superintendent of Financial Institutions (OSFI).</p> <p>Another commenter noted that “within the P&amp;C insurance sector, it appears that FSRA is proposing a departure from the industry self-funding rule with respect to two sub-sectors: health care providers and adjuster/agent licensing.”</p>	<p>No change to the Proposed Fee Rule is proposed by FSRA.</p> <p>Historical assessment amounts paid to FSCO are not the subject of the Fee Rule consultation. FSRA can speak only to its own regulatory obligations, costs, and Fee Rule and cannot comment on fees and assessments paid to other regulators, which are in respect of regulation under different frameworks, other than to note their lack of comparability (e.g. OSFI is prudential regulation; AMF does not establish auto insurance rates). Further, differences in business model mixes, product lines, and other variations limit the comparability of regulated entities across jurisdictions. FSRA does welcome comments on its budgets and priorities in its consultation on those topics.</p> <p>Based on available information, FSRA believes that the proposed allocation of costs within the P&amp;C insurance sector is, using the best information available, consistent with the principles of fairness and that the Fee Rule has been structured</p>

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				<p>so as to provide that each subsector will generally bear the costs of regulating that subsector. FSRA's Draft Budget and Priorities (see <a href="#">[LINK]</a>) outlines the costs associated with regulating HSPs and the fees to be collected from HSPs. FSRA regulates HSPs (as a fixed rate subsector) to assist with auto rate insurance regulation - so it is equitable that auto insurers, as a variable rate subsector, should bear the small additional amount expected (based on FSRA's proposed F19-20 budget) to be necessary to cover the costs of regulating HSPs, just as auto insurers benefit when HSP fees are less than the costs associated with regulating HSPs. Based on FRSA's proposed F19-20 budget, this shortfall is also a relatively small amount and collecting it from thousands of HSPs unaccustomed to receiving invoices (HSP's pay fees when filing their Annual Information Reports) would be impractical and inconsistent with the Fee Rule Principles (e.g. simplicity; minimize administrative burden).</p>
24	4.2 Fees	Licence Fees	<p>Four commenters noted that the launch of FSRA represents an opportunity to streamline the process for regulating licensed insurance agents.</p> <ul style="list-style-type: none"> <li>• One commenter appreciated that the core licensing fees for agents "are the same as under FSCO's approach" and believes that the launch of FSRA presents an opportunity for the new regulator to streamline the</li> </ul>	<p>No change to the Proposed Fee Rule is proposed by FSRA.</p> <p>These matters are not the subject of the Fee Rule consultation, but FSRA does welcome comments on these topics in its consultation on its priorities.</p> <p>As set forth in its Draft Budget and</p>

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			<p>process for regulating licensed insurance agents.</p> <ul style="list-style-type: none"> <li>• Another commenter did not oppose continuation of FSCO’s agent licensing process with a flat fee model; however the commenter highlighted the opportunity to simplify the licensing regime and make it more efficient.</li> <li>• Another commenter requested that insurers be involved in discussions regarding licensing fees for their advisors.</li> <li>• Another commenter commented that “the processes by which the current regulator grants thousands of licenses each year have been identified by the associations as grossly inefficient, duplicative, administratively costly and slow”. This commenter believes early attention to remediation will significantly reduce ongoing costs to the regulator and the industry.</li> </ul>	<p>Priorities (see <a href="#">[LINK]</a>), FSRA is committed to working with stakeholders to identify burden reduction and improved regulatory effectiveness opportunities, including better licensing processes and technology.</p> <p>Given the unique interests of life agents and life insurers and their different fee / assessment mechanisms (e.g. variable versus fixed), FSRA’s preference is to consult with insurers and agents separately.</p>
25			<p>Another commenter suggested that it appears that FSRA may be proposing to reduce the share of regulator funding from the licensing of agents in the P&amp;C insurance system. They see no reason for exempting adjusters and agents from paying their fair share of regulatory costs.</p>	<p>No change to the Proposed Fee Rule is proposed by FSRA. FSRA is not proposing to reduce the funding from the licensing of P&amp;C agents and adjusters.</p> <p>Further, agent fees have been allocated according to the subsector in which they operate. This represents the most appropriate pairing of regulatory costs and funding sources.</p>
26			<p>One commenter agreed with the licence fees set out in the Proposed Fee Rule and recognized</p>	<p>No change to the Proposed Fee Rule is</p>

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			that they reflect the FSCO status quo. However, the commenter noted that Life Licence Qualification Program (LLQP) fees are not included in the Proposed Fee Rule (but were in the Interim Fee Rule) and requested consistency between the two.	proposed by FSRA.  The Interim Fee Rule represents the status quo. Moving forward, the Proposed Fee Rule excludes fees that will not actually be collected by FSRA. LLQP fees reflect the efforts of the LLQP National Harmonization Project and these fees are set at a national level by agreement and should not be covered in FSRA's Fee Rule.
27	4.3 Fees (Service Providers)	No Fee Increase	38 of 48 comments received from Health Service Providers (HSPs) (79%) indicated that they do not want to see an increase in HSP fees.	The increase in fees paid by certain HSPs in the Proposed Fee Rule was due to the proposed exemption for HSPs with 6 or fewer SABS claims in the past year. As described in Part 4 in this Notice, given widespread HSP concerns over this exemption and the resulting increase in HSP fees, FSRA has revised Section 4.3 to revert to the fee structure that exists today under FSCO's approach – i.e. FSRA has removed the proposed exemption for HSPs with 6 or fewer claimants.
28		6 or Fewer SABS Claims Exemption	<p>Eight commenters indicated that they support the proposal for providers with 6 or fewer Statutory Accident Benefits Schedule (SABS) claimants to not pay an annual fee.</p> <p>One commenter requested additional geographic distribution data detailing exempted HSPs and the breakdown of treating versus Insurer Examination (IE) providers in this group. This commenter expressed surprise by the larger than anticipated size of the proposed group of HSPs</p>	As discussed in the Response immediately above and described in Part 4 of this Notice, given widespread HSP concerns over this exemption and the resulting increase in HSP fees, FSRA has revised Section 4.3 to remove the proposed exemption for HSPs with 6 or fewer claimants and to revert to the fee structure that exists today under FSCO's approach.

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			with 6 or fewer claimants annually, the impact on the regulator's fee revenues and the consequential impact on the fees for non-exempt HSPs.	Answers to questions posed have been posted on FSRA's website (see <a href="#">LINK</a> ).  FSRA's Draft Budget and Priorities (see <a href="#">LINK</a> ) also sets forth a priority related to reconsidering the HSP regulatory framework.
29		Fee Rule - General	Two commenters endorsed the Proposed Fee Rule for this sector.	No response required.
30		Requests for Clarification	Two commenters requested that FSRA demonstrate the proposed fee for HSPs using illustrative examples.	Answers to questions posed have been posted on FSRA's website (see <a href="#">LINK</a> ).
<b>Part 5 – Loan and Trust Sector Assessment and Fees</b>				
No submissions were received relating to this sector.				

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<b>Part 6 – Mortgage Brokering Sector Assessments and Fees</b>				
31	6.2 Fees (General)	1-Year Licence Term	<p>One commenter expressed no concern with moving to an annual licensing cycle.</p> <p>Six commenters expressed a preference for the current 2-year renewal period rather than the proposed switch to a 1-year cycle. An increase in administrative burden was cited as rationale for this objection.</p>	<p>No change to the Proposed Fee Rule is proposed by FSRA.</p> <p>FSRA is committed to a fair Fee Rule based on the Fee Rule Principles. The move to a 1-year licence cycle will assist FSRA in collecting accurate data and maintaining current information on which brokerage a given agent is working for. This is consistent with FSRA's Fee Rule Principles which support using fees to assist with other regulatory objectives.</p>
32		Maintain Current Fees	<p>Three commenters requested that FSRA maintain current licence fees.</p> <p>Two commenters did not support increases in licence fees citing past increases.</p> <p>One association commenter recommended that costs to its members – such as licensing – remain indexed to inflation where possible.</p>	<p>No change to the Proposed Fee Rule is proposed by FSRA.</p> <p>Given that FSCO assessed mortgage brokers during spring 2018 for a two year period, including FSRA's first assessment period, and given that FSRA expects to receive value for its <i>pro rata</i> share of such assessments, there will be no increase for FSRA's first assessment period.</p> <p>As set forth in the FSRA's Draft Budget and Priorities (see <a href="#">[LINK]</a>), mortgage broker fees received by FSRA (i.e. transferred by FSCO/Ministry of Finance to FSRA) in respect of its first assessment period are expected to be less than the costs associated with regulating mortgage brokers. However, given that the proposed fees for mortgage brokers</p>

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				<p>should be sufficient for FSRA in future years to recover the shortfall and to pay expected cost increases, FSRA plans, in keeping with the Fee Rule Principles of simplicity and reducing administrative burden, to maintain the fees proposed in the Original Fee Rule, but will only implement them for current registrants in FSRA's second assessment period.</p>
33		Mortgage Bankers vs. Brokers	<p>One commenter recommended a two-tiered system, one for mortgage bankers and one for mortgage brokers, as "the current system does not recognize the non-bank mortgage banker".</p>	<p>No change to the Proposed Fee Rule is proposed by FSRA.</p> <p>Creating a separate class of registrants for "mortgage bankers" is beyond the scope of the Fee Rule. See FSRA's Draft Budget and Priorities (see <a href="#">LINK</a>) for a proposed priority related to evaluating the appropriateness of the current regulatory scheme for syndicated mortgage investments (SMIs) and other mortgage banker/alternative lender products.</p>
34	6.3 Fees (Non-Qualified Syndicated Mortgages)	\$200 Investor Disclosure Fee	<p>Three commenters requested additional clarification on the proposed \$200 Investor Disclosure Fee or suggested that FSRA reconsider how it is applied.</p> <p>One commenter requested clarification regarding the \$200 fee for the submission of an investor disclosure form for syndicated mortgage investments.</p> <p>Another commenter suggested that the fee should be payable within 5 days of the receipt of the first investment in the SMI as opposed to first receipt</p>	<p>Answers to questions posed have been posted on FSRA's website (see <a href="#">LINK</a>).</p> <p>No change to the Proposed Fee Rule is proposed by FSRA.</p> <p>FSRA's review of disclosure documents is related to sales conduct activity, regardless of sale completion. The \$200 fee payable when SMI disclosure documents are filed with FSRA will assist in covering FSRA's minimum costs associated with such SMI disclosures; as such, it is a cost-recovery exercise in</p>

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			<p>of disclosure documents by prospective investors.</p> <p>A further commenter noted that the proposed \$200 non-qualified syndicated fee is an unfair “penalty” for complying with the Act.</p>	<p>keeping with the Fee Rule Principles (e.g. sectors/participants bearing their own costs, in proportion to the regulatory activities and costs they generate). Such a fee is a cost recovery (and is not a penalty) and needs to be collected regardless of investment completion.</p>
35		Request to Categorize Types of Non-Qualified Syndicated Mortgages	<p>Two commenters requested that FSRA revisit the definition / categorization of syndicated mortgages.</p> <p>One commenter requested the categorization of different types of Non-Qualified Syndicated Mortgages, rather than lumping all commercial loans into a single risk category. That commenter was of the view that syndicated equity should be relegated to securities oversight. It further noted that FSRA needs to better understand the private lending industry and will need to hire and staff from the ranks of existing and retired mortgage professionals.</p> <p>Another commenter suggested revisiting the definition of SMIs to better diagnose the risk for which FSRA is trying to protect against.</p>	<p>No change to the Proposed Fee Rule is proposed by FSRA.</p> <p>The definition of Non-Qualified Syndicated Mortgages is set out in the SMI disclosure regulation, which is outside FSRA’s control and is not the subject of the Fee Rule consultation. FSRA does, however, welcome comments on such matters in the context of its F19-20 priorities consultation.</p> <p>As mentioned above, please see FSRA’s Draft Budget and Priorities (see <a href="#">LINK</a>) for a proposed priority related to evaluating the appropriateness of the current regulatory scheme for syndicated mortgage investments (SMIs) and other mortgage banker/alternative lender products.</p>
36		Interests of Alternative Lenders	<p>Two commenters requested a separate registration category for alternative lenders.</p> <p>One association commenter suggested the establishment of a separate registrant category for alternative lenders. It also suggested further discussion about fees for alternative lenders if a</p>	<p>No change to the Proposed Fee Rule is proposed by FSRA.</p> <p>As mentioned in Responses immediately above, this is beyond the scope of the Fee Rule, involves matters outside FSRA’s control and is proposed to be at</p>

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			<p>separate registrant category is established.</p> <p>One commenter commented that that the interests of the alternative lenders are not the same as mortgage brokers. As such, it suggested that greater distinction be made between those who represent the interests of borrowers versus those of lenders. This commenter suggested a separate registration category for alternative lenders.</p>	<p>least partially addressed as part of FSRA’s priorities in its first assessment period (see Draft Budget and Priorities at <a href="#">LINK</a>).</p> <p>Further, at this time, data is not available to sufficiently distinguish the costs associated with alternative lenders.</p>
<b>Part 7 – Pension Sector Assessments and Fees</b>				
37	7.1 Assessments	Budgetary Increases	One commenter requested that FSRA “develop a mechanism to limit the size of budgetary increases each year that would result in fee increases and ensure that any increases are scaled proportionately to need”.	<p>No change to the Proposed Fee Rule is proposed by FSRA.</p> <p>Comments related to FSRA’s funding level and budget increases are more appropriate in FSRA’s consultation on its Draft Budget and Priorities – see <a href="#">LINK</a>.</p> <p>FSRA is committed to a transparent process for establishing its budget, and has communicated this to the sector with a request for feedback/comments on its Draft Budget and Priorities – see <a href="#">LINK</a>. This consultation process provides regulated sectors with transparency on annual priorities and objectives while also providing industry with an opportunity to comment on the budgeted sector costs.</p>
38		Fee Rule / PBA Clarity to Support Accurate AIR	One commenter stated that the Proposed Fee Rule uses the phrase “other beneficiaries” without a clear definition of who this definition applies to. Specifically, the commenter stated that: Subsection 7.1(1) of the draft Fee Rule defines	As described in Part 7 of this Notice, FSRA is proposing to provide greater clarity with respect to the identification of “other beneficiaries” for the purposes of

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		Filings	<p>“beneficiaries”, with respect to an assessable pension plan, to mean “the aggregate number of members, former members, retired members and other beneficiaries of the pension plan”. In turn, per capita fees under subsection 7.1(3) are based on the number of the plan’s “beneficiaries”.</p> <p>The commenter went on to note that while it is reasonably clear who will constitute a “member”, “former member” or “retired member”, given the corresponding definitions in the <i>Pension Benefits Act</i> (PBA), the PBA does not define the word “beneficiary” with the result that it is unclear whom the phrase “other beneficiaries” is meant to include and exclude.</p> <p>Another commenter suggested clarification of the term “member” and “whether it includes surviving spouses, suspended members, and beneficiaries receiving guarantee period payments, i.e., anyone entitled to a current benefit under the pension plan is encouraged.”</p>	the Proposed Fee Rule.
39		Stakeholder Engagement on Fee Rule	One commenter encouraged additional stakeholder consultation, including on matters of potential improvement and pain points, after the Fee Rule has been finalized and made effective.	<p>No change to the Proposed Fee Rule is proposed by FSRA.</p> <p>Potential process improvements and pain point reductions are not the subject of FSRA’s fee rule consultation and are more appropriate in FSRA’s priorities consultation.</p> <p>FSRA’s Draft Budget and Priorities (see <a href="#">[LINK]</a>) proposes additional stakeholder consultation and burden reduction to address pain points currently experienced by stakeholders. Stakeholders are</p>

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				requested to provide feedback on the Draft Budget and Priorities through FSRA’s website.
40		Fee Increase Impacts on Larger Pension Plans (Removal of Fee Caps)	<p>One commenter indicated that the Proposed Fee Rule would impose a disproportionate share of the increase in fees onto larger pension plans. This commenter suggested the following alternative fee structures:</p> <ul style="list-style-type: none"> <li>• Adjusting the rates charged across different tiers and/or the tier thresholds, with a view to achieving a smoother distribution of the fee increase across plans of different sizes.</li> <li>• Reinstating the maximum charge or phasing it out over a number of years, so that plans do not experience such a large increase in the first year.</li> </ul> <p>Another commenter stated: “We do not believe... that there is a basis for asserting that larger pension plans benefit from strong regulation more than smaller pension plans”, and that an evidence based approach is required to form conclusions regarding which size of plan benefits most from regulation.</p> <p>This same commenter referenced “the principle that smaller and mid-sized plans should not pay more to subsidize very small and large plans”, and commented that subsidization ought to be measured based on the relative regulatory effort which FSRA is required to expend on pension plans of varying sizes, suggesting that the Proposed Fee Rule represents subsidization of small and mid-sized pension plans by the larger</p>	<p>No change to the Proposed Fee Rule is proposed by FSRA.</p> <p>FSRA, as a self-funded regulator that will operate on a cost recovery basis, must recover: (a) its expenses in full from each regulated sector; and (b) its expenses in respect of each regulated sector from that sector’s participants, consistent with the Fee Rule Principles (e.g. fairness; simplicity; low administrative burden).</p> <p>The Proposed Fee Rule reflects the foregoing, including how FSRA’s best information as to how the expenses allocated to the pension sector should be allocated amongst pension sector participants. In particular, the minimum fee for small pension plans, and each of the member-based tiers/per member charges for mid-sized and larger pension plans, are based on the best available cost information provided by FSCO, with the results confirmed with senior FSCO subject matter experts. While FSRA will seek additional information to allow it to improve and better calibrate its pension sector assessments, the proposed assessment methodology is consistent with the Fee Rule Principles.</p> <p>The removal of the maximum assessment (i.e., cap) ensures that the pension sector</p>

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			<p>plans.</p> <p>This same commenter, along with several others, noted that more research and data is required before a reliable conclusion can be drawn, including whether the tiers contemplated by the Proposed Fee Rule, and the calibration of those tiers, is appropriate.</p> <p>This same commenter noted that FSRA’s proposed approach would result in large Ontario plans paying materially higher annual assessments in comparison to all other regulated pension plans, and that the assessment provisions for pension plans should recognize the contributions made by large pension plans to the success of the Ontario pension sector through the high level of engagement they have in the system. This commenter also suggested that the government currently subsidizes FSCO to some degree, and suggested that the government should continue to subsidize pension sector assessments.</p> <p>Another commenter remarked on the removal of the current fee cap for large membership plans, stating “the elimination of the maximum fee cap (and the resulting assessments that will be collected) will need to be supported through data and actual FSRA experiences moving forward”. A similar comment was received from another commenter.</p> <p>One commenter acknowledged that there is a minimum amount of regulatory effort associated with regulating a pension plan, regardless of size or type, but indicated that further data was</p>	<p>assessments appropriately reflect the best available estimates of costs of regulating these plans. An approach using a cap is inconsistent with the principle that participants within a regulated sector share, on a proportional and fair basis, in the funding of the regulatory activities and costs they generate. FSRA does not believe that larger plans benefit more from strong regulation than smaller plans; rather, FSRA believes that all plans benefit from strong regulation, and that at certain levels (tiers) the costs of regulation, expressed on a per beneficiary basis, gradually reduce until they reach a <i>de minimis</i> amount.</p> <p>The Proposed Fee Rule reflects costs associated with regulating additional plan beneficiaries beyond an initial threshold and given the size of plan and its typical cost to regulate. This ensures that assessments paid by pension sector participants are more closely aligned to the regulatory effort they create for FSRA.</p> <p>The Proposed Fee Rule has been designed so that the pension plan assessment rate reflects, using a step function, decreasing per beneficiary regulatory costs for the top tiers. The decreasing per beneficiary regulatory costs in the top tiers already reflect comments from pre-comment period stakeholder consultations and careful recalibration and reconsideration using</p>

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			<p>required to determine whether the minimum cost threshold established by the Proposed Fee Rule (\$750/pension plan) was appropriate.</p>	<p>the best information and judgment available to FSRA. FSRA believes that any further reduction in the per beneficiary costs in these tiers would result in larger plans not paying their estimated regulatory cost burden.</p> <p>Further, based on available information, FSRA believes that the \$750/pension plan minimum assessment is reflective of the annual costs associated with regulating a pension plan.</p> <p>FSRA is committed to improving data collection and data quality related to the costs of regulating the pension sector and using any improved data to inform future Fee Rule revisions.</p>
41		Member-based Approach to Assessment	<p>One commenter acknowledged that a member-based fee approach is likely simplest and most straightforward, but questioned whether a single member (or single beneficiary) classification is the most fair approach. This commenter suggested that further research and data is required to show that efforts required to regulate active, deferred, or retired members and other beneficiaries is comparable.</p> <p>Comments were received from other commenters questioning whether the regulatory cost associated with different categories of beneficiary was the same. These commenters generally acknowledged that better data needs to be made available to reach a more informed position, although amongst the commenters there was some support for the approach adopted by FSRA</p>	<p>No change to the Proposed Fee Rule is proposed by FSRA. The best information available to FSRA indicates that there is no basis for distinguishing between the regulatory costs incurred by FSRA due to different types of members/beneficiaries.</p> <p>At this time, the Proposed Fee Rule's treatment of all members and beneficiaries as equivalent is fair and appropriate given the regulatory effort required by FSRA.</p> <p>FSRA is committed to improving data collection and data quality related to the costs of regulating the pension sector and using any improved data to inform future</p>

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			in the Proposed Fee Rule.	Fee Rule revisions.
42		Defined Benefit versus Defined Contribution	One commenter encouraged FSRA to consider the distinction between different types of plans (e.g., defined benefit; defined contribution; and hybrid plans) and obtain the data necessary and consult with industry stakeholders.	<p>No change to the Proposed Fee Rule is proposed by FSRA.</p> <p>While FSRA accepts that different plans may impose different regulatory costs, at this time the best information available to FSRA indicates that there is no basis for distinguishing between the per member/beneficiary costs imposed by different types of plans. Consequently, at this time the Proposed Fee Rule reflects an approach that is fair and appropriate given the regulatory effort required by FSRA.</p> <p>FSRA is fully committed to improving data collection and data quality related to the costs of regulating the pension sector and using any improved data to inform future Fee Rule revisions.</p>
43		Future Reviews of the Fee Rule to use additional research / data	A number of commenters indicated their view that FSRA must undertake additional research to support a long-term Fee Rule, taking into account the different types of beneficiary and the tiered approach, to ensure the fair allocation of sectoral costs amongst sector participants. These commenters generally noted that they would encourage a mandatory review of the Fee Rule on regular intervals (e.g., of three to five years), once sufficient data has been collected to support analysis.	<p>No change to the Proposed Fee Rule is proposed by FSRA.</p> <p>FSRA is committed to ongoing improvements to its data collection, quality and analysis to support future Fee Rule reviews.</p> <p>FSRA also intends to regularly review the Fee Rule, with the next review targeted to take place in 3 years. FSRA does not agree with a mandatory review as it could result in review at an inappropriate time or in FSRA losing funding if a review cannot</p>

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				be completed in a timely manner.
44		Collection of Data on Regulatory Effort for Different Plans	<p>One commenter indicated that one of the challenges FSRA will face is the collection of reliable research and data on regulatory work in relation to plans of different types and sizes, and determining, as a matter of fairness, which data should be included and which data should be excluded.</p> <p>This commenter expressed the view that for example, any regulatory work effort undertaken for pension plan transactions that have been initiated by government action might possibly not be included in the FSRA data for the purpose of validating the Fee Rule (e.g., government-initiated SEPP to JSPP transactions; new legislative or regulatory rules that require certain types of pension plans to make new filings with FSRA). The commenter suggested that “fairness dictates that careful thought must be paid to this validation process.”</p>	<p>No change to the Proposed Fee Rule is proposed by FSRA.</p> <p>FSRA is committed to collecting and using data and information to facilitate evidence informed decision-making. Excluding data due to transactions being initiated by government action is inconsistent with the Fee Rule Principles.</p> <p>FSRA is also committed to engaging with industry to ensure that, wherever appropriate, decisions incorporate industry feedback and are transparent. FSRA will seek industry engagement and input into future revisions of the Fee Rule.</p>
45	7.2 Fees	Activity-based Fees	<p>One commentator supported the future consideration of activity based fees (e.g. for asset transfers, surplus withdrawals, plan wind ups) if these fees can be based in sufficient data and regulatory experience.</p> <p>Another commenter suggested consideration of a special fee for a distressed plan workout scheme (as a fee for service).</p>	<p>No change to the Proposed Fee Rule is proposed by FSRA as there is insufficient reliable data and information to support activity based (e.g. transaction) or distressed workout scheme fees. Further, fees based on distressed plan workouts would need to be assessed for appropriateness under the Fee Rule Principles.</p> <p>As FSRA collects data on the costs associated with regulatory activities, activity-based fees will be considered in</p>

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				the future.
46			One insurance sector commenter expressed concern about overlap with the pension sector and requested confirmation that the direct costs associated with pension plans are sufficiently distinguishable from the costs associated with the insurance sector (specifically related to the treatment of segregated funds).	<p>No change to the Proposed Fee Rule is proposed by FSRA.</p> <p>Answers to questions posed have been posted on FSRA's website (see <a href="#">LINK</a>). In summary, in its response, FSRA indicated that investments in segregated funds are not treated as premiums for insurer assessments by FSCO. The current treatment under the existing FSCO funding assessment mechanism is carried forward in the Proposed Fee Rule, so segregated fund income is not subject to fee assessments. Further, in FSRA's proposed F19-20 budget, the direct costs to regulate pension plans are sufficiently distinguishable from direct costs associated with the insurance sector.</p>
<b>Other</b>				
47		Board Governance	An insurance sector association requested Board-level representation from the life and health insurance industry.	FSRA Board composition is not the subject of the Fee Rule consultation.
48		Industry Advisory Groups	A mortgage brokering sector commenter suggested that FSRA establish an IAG (Industry Advisory Group) for alternative lenders and another commenter from this sector suggested engaging further with alternative lenders and those with deep experience with SMIs.	<p>IAG composition and FSRA engagement with regulated sectors is not the subject of the Fee Rule consultation, but FSRA welcomes input on these matters in its priorities consultation.</p> <p>As set forth in its Draft Budget and Priorities (see <a href="#">LINK</a>), FSRA is committed to working with stakeholders to ensure appropriate consultation mechanisms with</p>

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				FSRA management and Board and will be working on this priority during FSRA's first assessment period.
49		Red Tape and Burden Reduction	<p>One commenter recommended that FSRA adopt a “least cost” approach to carrying out its mandate. The commenter indicated that where there are alternative, less costly, means to achieving oversight goals, these should be pursued. The process for deciding on new regulatory initiatives should always include transparent analysis of the balance between cost and benefits.</p> <p>Another commenter recognized the need for some temporary additional start-up costs for FSRA, but encouraged a regulator with a “least cost” mindset.</p>	<p>The FSRA budget and priority setting process is not the subject of the Fee Rule consultation, but FSRA welcomes comments on these matters in its budget and priorities consultation.</p> <p>As set forth in FSRA's Draft Budget (see <a href="#">[LINK]</a>), FSRA is committed to principles-based decision making, including the principle of cost-effectiveness, and to review legacy guidance and data/filing requirements through a cost-benefit prism. As shown in the Draft Budget and Priorities consultation, FSRA will be an effective steward of resources and will, in achieving its regulatory objectives, seek to minimize costs wherever practicable.</p>
50	Sections 3.1(4), 4.1(8), 5.1(3) and 7.1(5)	Payment of Assessments	<p>One commentator requested that payment terms change from 14 days to 30 days.</p> <p>One commenter suggested that Subsection 7.1(5) of the Proposed Fee Rule would shorten the time that pension plan administrators have to pay annual assessments from 30 days from the date of the invoice (under the current FSCO model) to 14 days from the date of the invoice. While not objecting to the shortened period, this commenter encouraged FSRA to consider timely methods of transmitting invoices, including electronically, to ensure that administrators are able to meet the shorter turnaround time to pay annual</p>	<p>As described in Parts 3, 4, 5 and 7 in this Notice, FSRA is proposing to change payment terms from 14 days to 30 days.</p> <p>FSRA is committed to continual improvements to its operations and will consider electronic transmission of invoices in the future.</p>

Item #	Section Reference	Theme	Summary of Issues/Comments	Response
			assessments.	
51	Section 10.1 - Effective Date	Coming into Force - Timing	One commenter requested 60 days' advance notice and confirmation on the date which the Fee Rule will come into force.	<p>No change to the Proposed Fee Rule is proposed by FSRA.</p> <p>Sector participants have been aware of the Proposed Fee Rule for several months and will have ample time to prepare for introduction. While the exact timing of Fee Rule approval and FSRA launch is outside FSRA's control, FSRA is committed to meeting timelines for a Spring 2019 launch date and will provide as much notice to the regulated sectors as practicable. The coming into force date of the Fee Rule will be determined in accordance with the <i>Financial Services Regulatory Authority of Ontario Act, 2016</i>.</p>
52		Role of Administrative Monetary Penalties (AMPs)	<p>A number of commenters addressed AMPs and how funds arising from them may be used, including suggestions that:</p> <ul style="list-style-type: none"> <li>• AMP proceeds might be used to fund financial literacy activities or create an indemnification fund for consumers.</li> <li>• AMP proceeds be directed from the CRF through FSRA to associations to support education programs.</li> <li>• AMP proceeds be collected and retained by FSRA, rather than being assigned to general treasury operating revenues.</li> <li>• A statement of how AMPs would be applied in the budget process may be</li> </ul>	AMPs are not are not the subject of the fee rule consultation. Further, the amount, process and use of AMPs are determined pursuant to legislation and regulations which are outside FSRA's control.

Item #	Section Reference	Theme	Summary of Issues/Comments	Response
			appropriate.	
53		Rule-Making Authority	A credit unions sector association detailed that a key question, which will have a direct bearing on the FSRA budget, is the extent to which FSRA will have rule-making authority in a modernized regulatory environment. If FSRA is granted broader rule-making authority, presumably it will require more policy staff and need a higher budget. If that rule-making authority continues to reside in the Ministry of Finance, FSRA may need fewer staff.	FSRA's rule-making authority is not the subject of the Fee Rule.
<b>Rule 2019-001B – Interim Fee Rule</b>				
54	2.2 Insurance Sector	Insurance Fees Under the Interim Fee Rule	<p>Several commenters indicated that they understand the intended purpose of FSRA Rule 2019-001B is to provide an interim alternative in the event that FSRA proposes material changes to the Proposed Fee Rule, such that it cannot be implemented by the date on which FSRA will assume its regulatory mandate. One of the commenters further stated that this would not be an issue assuming it won't significantly hinder FSRA's ability to improve the auto insurance system.</p> <p>One of the commenters was also comfortable with the table of Insurance Sector fees set out in Appendix X, Part 2.2, particularly since the amounts specified are "status quo" fees.</p>	Given that this is a consultation on the Revised Fee Rule, no response is required on comments on the Interim Fee Rule.
55	3.4 Insurance Sector	Interim Fee Rule Clarification	<p>One commenter wanted to better understand the interim model. In particular:</p> <ul style="list-style-type: none"> <li>• Why 30% of the amount expected to be recovered is chosen as the basis for the</li> </ul>	Answers to questions posed have been posted on FSRA's website (see <a href="#">[LINK]</a> ).

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			<p>calculation?</p> <ul style="list-style-type: none"> <li>• If the term “foreign jurisdiction” is referring to an insurance net premiums related operations of insurers incorporated or organized outside of Ontario but still in Canada?</li> <li>• Why is there a different calculation for Ontario incorporated or organized insurers, and the corresponding deduction based on net premiums of insurers incorporated or organized in Ontario?</li> </ul>	
56	3.6 Pension Sector	Pension Fees Under the Interim Fee Rule	One pension sector commenter noted that it supports the fallback of the Interim Fee Rule if the adoption of the Proposed Fee Rule is delayed; however, this commenter expressed hope that this will not be necessary.	Given that this is a consultation on the Revised Fee Rule, no response is required on comments on the Interim Fee Rule.

**APPENDIX C TO NOTICE AND REQUEST FOR FURTHER COMMENT ON  
PROPOSED FSRA RULE 2019 – 001  
ASSESSMENTS AND FEES**

**REVISED FEE RULE**

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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	d) \$75 per 1-year licence
e) Adjuster licence fee for a partnership ( <i>Insurance Act</i> , subsection 399(1)), or a corporation	e) \$200 per 1-year licence

( <i>Insurance Act</i> , subsection 400(1))	
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.

<b>TIER</b>	<b>INCREMENTS FOR PENSION PLAN BENEFICIARIES</b>	<b>PERCENTAGE OF VARIABLE SHARE TO BE RECOVERED FROM ADMINISTRATORS RELATING TO BENEFICIARIES OF THAT ADMINISTRATOR'S PENSION PLAN IN A PARTICULAR TIER</b>
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 –	\$25 per certificate

FSRA Act, section 20.1	
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.

### **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,

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 AND REQUEST FOR FURTHER COMMENT ON  
PROPOSED FSRA RULE 2019 – 001  
ASSESSMENTS AND FEES  
COMPARISON TO PROPOSED 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 ~~union~~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 ~~union~~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 ~~its~~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 ~~to be charged~~ 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 ~~44~~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 4430 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) — if the number of claimants in respect of the applicant is 6 or fewer, zero; and (b) — if the number of claimants in respect of the applicant is 7 or greater,~~ 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 \$~~155.00~~128.00 multiplied by the number of locations of the applicant,

"B" is \$~~16.00~~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) — if the number of claimants in respect of the licensed service provider is 6 or fewer, zero; and (b) — if the number of claimants in respect of the licensed service provider is 7 or greater,~~ 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 \$~~155.00~~128.00 multiplied by the number of locations of the licensee, and

"B" is \$~~16.00~~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 ~~1430~~ 1430 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 ~~the aggregate number of:~~
    - (i) members, former members, and retired members of the pension plan, and
    - (ii) other beneficiaries ~~of~~ 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 ~~14~~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.

### 10.2 Transitional

- (1) Definitions – in this Part 10,

~~(a) “annual premium charged by DICO” means an annual premium charged by DICO to a credit union under section 276.1 of the *Credit Unions and Caisses Populaires Act, 1994* prior to the commencement of the Authority’s first assessment period and that relates, in whole or in part, to the period covered by the Authority’s first assessment period;~~

~~(a)~~ (b) “DICO” means the Deposit Insurance Corporation of Ontario; and

~~(b)~~ (c) “DIRF” means the Deposit Insurance Reserve Fund referenced in subsection 276(1) of the *Credit Unions and Caisses Populaires Act, 1994*; and 1994.

~~(d) “regulatory costs of DICO” means, in respect of a period, the costs of DICO in or in respect of that period that are chargeable to the DIRF pursuant to paragraph 276(2)4 of the *Credit Unions and Caisses Populaires Act, 1994*, as determined by the Authority.~~

- (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,

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 ~~its predecessor, the Financial Services Commission of Ontario or the Deposit Insurance Corporation of Ontario~~ 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, ~~in respect of the first assessment period of the Authority, each credit union shall receive a credit in an amount equal to that portion of the annual premium charged by DICO and paid by the credit union that~~ 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.

~~(a) — relates to the regulatory costs of DICO; and~~

~~(b) — the Authority determines relates to the period (or part thereof) covered by such first assessment.~~

~~Any such credit may be granted by the Authority on an estimated basis in the original assessment invoice issued by the Authority to a credit union, with an adjustment (positive or negative) to be made on a date determined by the Authority. The Authority shall only provide such credit to a particular credit union if the Authority has received value from DICO for the annual premium charged by DICO in respect of such credit union, on or prior to the commencement of the Authority's first assessment period.~~