



Financial Services Regulatory
Authority of Ontario

Financial Services Regulatory Authority of Ontario

Publication of Board Approved Rule on FSRA's Website Rule 2019-001 Assessments and Fees

Amendment 1

Introduction

Please find enclosed herein the materials required to satisfy the requirements prescribed by paragraphs (1)-(5) of s. 23(2) of the *Financial Services Regulatory Authority of Ontario Act, 2016* (the **FSRA Act**) for Amendment 1 to Rule 2019-001 – Assessments and Fees (the **Board Approved Rule**). The Board Approved Rule sets out the fee structure under the *Financial Professionals Title Protection Act, 2019* (the **FPTPA**). The materials herein have been compiled by the Financial Services Regulatory Authority of Ontario (**FSRA**), following the most recent consultation period, which launched on July 22, 2021 and concluded on October 20, 2021.

FSRA's board of directors approved the Board Approved Rule on January 31, 2022.

Background

The financial planner (**FP**) and financial advisor (**FA**) title protection framework under the FPTPA is intended to:

- mitigate consumer and investor confusion; and
- provide confidence to consumers and investors that the individual with whom they are dealing is qualified to provide financial planning or advisory services.

FSRA believes these objectives can be achieved by implementing a fair and flexible framework that leverages existing regimes for granting financial planning and advising designations and licences. This will ensure that individuals using the FP or FA titles meet minimum standards.

FSRA posted the first proposed Amendment 1 to Rule 2019-001 Assessments and Fees (**First Proposed Amendment 1**) for a 90-day public consultation between July 22, 2021 and October 20, 2021.

FSRA also sought initial feedback on the proposed fee structure during the second public consultation on Rule 2020-001 *Financial Professionals Title Protection*.

The feedback received from both consultations informed and led to the development of the Board Approved Rule.

Delivery to the Minister of Finance

The Board Approved Rule and materials required by paragraphs (1)-(3) of s. 23(1) of the FSRA Act were delivered to the Minister of Finance (the **Minister**) on January 31, 2022.

No Action Taken by the Minister

If the Minister does not approve, reject or return the Board Approved Rule to FSRA for further consideration within 90 days after the Board Approved Rule is delivered to the Minister, then:

- If subsections 3(3) and 3(4) of Schedule 4 of the *Protecting the People of Ontario Act (Budget Measures), 2021* are proclaimed in force 105 or more days after the Board Approved Rule is delivered to the Minister, then in accordance with paragraph (5) of s. 8.2 of the Board Approved Rule and s. 24(2)(a) of the FSRA Act, the Board Approved Rule will come into force on the date that subsections 3(3) and 3(4) of Schedule 4 of the *Protecting the People of Ontario Act (Budget Measures), 2021* are proclaimed in force.

- If subsections 3(3) and 3(4) of Schedule 4 of the *Protecting the People of Ontario Act (Budget Measures), 2021* are proclaimed in force less than 105 days after the Board Approved Rule is delivered to the Minister, then in accordance with s. 24(2)(c) of the FSRA Act, the Board Approved Rule will come in force on the date that is 105 days after the Board Approved Rule was delivered to the Minister.

Statement of Substance and Purpose

FSRA must establish a fee structure that supports its mandate to operate as an independent, self-funded regulator.

FSRA has established the following fees under the FP/FA title protection framework:

- Application Fees
- Annual Assessment, comprised of three components:
 - fixed annual credentialing body (**CB**) fee
 - variable annual CB assessment
 - time-limited annual assessment to recover start-up costs

Written Comments Received and Responses to Significant Concerns

In accordance with paragraphs (4)-(5) of s. 23(2) of the FSRA Act, FSRA must publish on its website a summary of written comments received and FSRA responses to significant issues and concerns brought to FSRA's attention.

FSRA received 13 written comments and 1 question during the 90-day public consultation.

A [full summary](#) of written comments received and FSRA responses to significant issues and concerns raised during the public consultation is available.

Implementation Considerations

If proclaimed into force, the amendments made to s. 21(2)(b) and s. 21(2)(d) of the FSRA Act (the **FSRA Act Amendments**) contained in subsections 3(3) and 3(4) of the *Protecting the People of Ontario Act (Budget Measures), 2021* would provide FSRA with rulemaking authority to make the Board Approved Rule, by authorizing FSRA to make a rule governing fees,

- For applications for approval, licenses or registration; and
- In connection with the work described in sections 4 and 6, and other work that relates to the objects of FSRA under sections 3 and 3.1.

Although the FSRA Act Amendments have not been proclaimed into force, s. 10(1) of the *Legislation Act, 2006* provides FSRA with statutory authority to exercise a power conferred by an Act of the Legislature, after it receives Royal Assent but prior to it coming into force. The FSRA Act Amendments are contained in Schedule 4 of the *Protecting the People of Ontario Act (Budget Measures), 2021*, which received royal assent on April 27, 2021 and will come into force on proclamation.

Amendments made to the First Proposed Amendment 1

Throughout the 90-day public consultation, FSRA received stakeholder comments and, in response, FSRA immaterially amended the First Proposed Amendment 1. As such, FSRA is not required to publish a notice of change for an additional public consultation, which would otherwise be required by s. 22(7) of the FSRA Act if FSRA proposed material changes.

The immaterial amendments made by FSRA are limited to:

Amend the amortization of start-up costs

FSRA lengthened the amortization of start-up costs from five (5) years to ten (10) years.

FSRA amended the amortization period to address stakeholder feedback. The lengthened amortization period should lessen the upfront financial impact for approved CBs in the first few years of the framework.

Amend the coming-into-force clause

FSRA amended the coming-into-force clause to refer to subsections 3(3) and 3(4) of Schedule 4 of the *Protecting the People of Ontario Act (Budget Measures), 2021* as opposed to subsections 21(2)(b) and 21(2)(d) of the FSRA Act.

Board Approved Rule

For the text of the Board Approved Rule, please see Appendix A.

Questions

FSRA is pleased to answer questions concerning the Board Approved Rule. Submit questions online at: <https://www.fsrao.ca/engagement-and-consultations/financial-professionals-title-protection-rule-and-guidance-second-consultation>

Appendix A – Board Approved Rule (Blackline Version)

Appendix B – Board Approved Rule (Clean)

Appendix A – Board Approved Rule (Blackline Version)

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

AMENDMENT 1

1. The Financial Services Regulatory Authority of Ontario Rule 2019 – 001 Assessments and Fees (the “FSRA Fee Rule”) is amended by this Amendment 1.

2. Subsection 1.1 (1) of the FSRA Fee Rule is amended

(a) by adding the following paragraph:

(l.1) “financial professionals sector” means the sector referred to in clause (a.1) of the definition of “regulated sector” in subsection 1(1) of the FSRA Act;

(b) by repealing paragraph (x) and replacing it with the following:

(x) “regulated sector” means the credit unions sector, the insurance sector, the loan and trust sector, the mortgage brokering sector, the pension sector, the financial professionals sector, and the PRPP sector;

(c) by repealing paragraph (z) and replacing it with the following:

(z) “variable rate sectors” means the credit unions sector, the insurance sector, the loan and trust sector, the financial professionals sector and the pension sector.

3. The FSRA Fee Rule is amended by adding the following part:

PART 8 FINANCIAL PROFESSIONALS SECTOR ASSESSMENTS AND FEES

8.1 Assessments

(1) Definitions – In this Part 8,

(a) “budgeted financial professionals 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 financial professionals sector in respect of the assessment period, as set out in the final budget;

(b) “budgeted financial professionals 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 persons or entities with respect to the financial professionals sector in respect of the assessment period, as set out in the final budget; and

(c) “financial professionals sector start-up costs” means, as the Board determines is appropriate in the Authority’s final budget, the total amount of expenses and expenditures incurred and made by the Authority in the period ending immediately prior to the time at which the Authority began to carry out the regulatory functions contemplated by the FSRA Act in respect of the financial professionals sector.

(2) For the first five assessment periods after this section comes into force, an approved credentialing body’s share of an assessment of the financial professionals sector under subsection 21(2) of the FSRA Act for an assessment period is the amount calculated using the formula,

$$\$25,000 + A + B$$

in which,

“A” is the amount calculated using the formula,

$$(C - D) \times (E / F)$$

in which,

“C” is the budgeted financial professionals sector expenses and expenditures for the assessment period,

“D” is the budgeted financial professionals sector fees for the assessment period,

“E” is the total number of approved credentials issued to individuals by the approved credentialing body on or before a date determined by the Authority for the purposes of preparing a final budget,

“F” is the total number of approved credentials issued to individuals by all approved credentialing bodies on or before a date determined by the Authority for the purposes of preparing a final budget, and

“B” is the amount calculated using the formula,

$$[(G \times 0.210) \times (E / F)] + H$$

in which,

“E” is the same as “E” used in the calculation of “A”,

“F” is the same as “F” used in the calculation of “A”,

“G” is the financial professionals sector start-up costs, and

“H” is the amount, either positive or negative, determined appropriate by the Authority to compensate for any change in the number of approved credentialing bodies since the previous assessment period.

- (3) Starting with the sixteenth assessment period after this section comes into force, an approved credentialing body’s share of an assessment of the financial professionals sector under subsection 21(2) of the FSRA Act for an assessment period is the amount calculated using the formula,

$$\$25,000 + A$$

in which “A” is calculated using the same formula as the formula used for calculating “A” in subsection 8.1 (2).

- (4) An approved credentialing body 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.

8.2 Fees

- (1) The fees payable with respect to matters under the *Financial Professionals Title Protection Act, 2019* are listed opposite the description in the following table.

DESCRIPTION	FEE

Application for approval of credentialling body – <i>Financial Professionals Title Protection Act, 2019</i> , section 4	\$10,000 per application
Application for approval of credentials – <i>Financial Professionals Title Protection Act, 2019</i> , section 7	\$5,000 per credential

(2) Fees not refundable – A fee paid by person or entity under this section 8.2 is not refundable and may not be credited toward any subsequent fee payable by the person or entity.

4. The FSRA Fee Rule is amended by re-numbering

(a) Parts 8, 9 and 10 as Parts 9, 10, and 11, respectively, and

(b) the sections in Parts 8, 9 and 10 in accordance with the amendment in clause 4 (a).

5. This Amendment 1 comes into force on the day later of the date that subsections 3(3) and 3(4) of Schedule 4 of the *Protecting the People of Ontario Act (Budget Measures), 2021* clauses 21(2)(b) and (d) of the *Financial Services Regulatory Authority of Ontario Act, 2016*, S.O. 2016, c. 37, Sched. 8 come into force and 15 days after this Amendment 1 is approved by the Minister.

Appendix B – Board Approved Rule (Clean)

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

AMENDMENT 1

1. The Financial Services Regulatory Authority of Ontario Rule 2019 – 001 Assessments and Fees (the “FSRA Fee Rule”) is amended by this Amendment 1.
2. Subsection 1.1 (1) of the FSRA Fee Rule is amended
 - (a) by adding the following paragraph:

(l.1) “financial professionals sector” means the sector referred to in clause (a.1) of the definition of “regulated sector” in subsection 1(1) of the FSRA Act;
 - (b) by repealing paragraph (x) and replacing it with the following:

(x) “regulated sector” means the credit unions sector, the insurance sector, the loan and trust sector, the mortgage brokering sector, the pension sector, the financial professionals sector, and the PRPP sector;
 - (c) by repealing paragraph (z) and replacing it with the following:

(z) “variable rate sectors” means the credit unions sector, the insurance sector, the loan and trust sector, the financial professionals sector and the pension sector.

3. The FSRA Fee Rule is amended by adding the following part:

PART 8 FINANCIAL PROFESSIONALS SECTOR ASSESSMENTS AND FEES

8.2 Assessments

- (1) Definitions – In this Part 8,
 - (a) “budgeted financial professionals 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 financial professionals sector in respect of the assessment period, as set out in the final budget;

(b) “budgeted financial professionals 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 persons or entities with respect to the financial professionals sector in respect of the assessment period, as set out in the final budget; and

(c) “financial professionals sector start-up costs” means, as the Board determines is appropriate in the Authority’s final budget, the total amount of expenses and expenditures incurred and made by the Authority in the period ending immediately prior to the time at which the Authority began to carry out the regulatory functions contemplated by the FSRA Act in respect of the financial professionals sector.

(2) For the first ten assessment periods after this section comes into force, an approved credentialing body’s share of an assessment of the financial professionals sector under subsection 21(2) of the FSRA Act for an assessment period is the amount calculated using the formula,

$$\$25,000 + A + B$$

in which,

“A” is the amount calculated using the formula,

$$(C - D) \times (E / F)$$

in which,

“C” is the budgeted financial professionals sector expenses and expenditures for the assessment period,

“D” is the budgeted financial professionals sector fees for the assessment period,

“E” is the total number of approved credentials issued to individuals by the approved credentialing body on or before a date determined by the Authority for the purposes of preparing a final budget,

“F” is the total number of approved credentials issued to individuals by all approved credentialing bodies on or before a date determined by the Authority for the purposes of preparing a final budget, and

“B” is the amount calculated using the formula,

$$[(G \times 0.10) \times (E / F)] + H$$

in which,

“E” is the same as “E” used in the calculation of “A”,

“F” is the same as “F” used in the calculation of “A”,

“G” is the financial professionals sector start-up costs, and

“H” is the amount, either positive or negative, determined appropriate by the Authority to compensate for any change in the number of approved credentialing bodies since the previous assessment period.

- (3) Starting with the eleventh assessment period after this section comes into force, an approved credentialing body’s share of an assessment of the financial professionals sector under subsection 21(2) of the FSRA Act for an assessment period is the amount calculated using the formula,

$$\$25,000 + A$$

in which “A” is calculated using the same formula as the formula used for calculating “A” in subsection 8.1 (2).

- (4) An approved credentialing body 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.

8.2 Fees

- (3) The fees payable with respect to matters under the *Financial Professionals Title Protection Act, 2019* are listed opposite the description in the following table.

DESCRIPTION	FEE

Application for approval of credentialing body – <i>Financial Professionals Title Protection Act, 2019</i> , section 4	\$10,000 per application
Application for approval of credentials – <i>Financial Professionals Title Protection Act, 2019</i> , section 7	\$5,000 per credential

(4) Fees not refundable – A fee paid by person or entity under this section 8.2 is not refundable and may not be credited toward any subsequent fee payable by the person or entity.

4. The FSRA Fee Rule is amended by re-numbering

(a) Parts 8, 9 and 10 as Parts 9, 10, and 11, respectively, and

(b) the sections in Parts 8, 9 and 10 in accordance with the amendment in clause 4 (a).

5. This Amendment 1 comes into force on the later of the date that subsections 3(3) and 3(4) of Schedule 4 of the *Protecting the People of Ontario Act (Budget Measures), 2021* come into force and 15 days after this Amendment 1 is approved by the Minister.