

# FINANCIAL SERVICES REGULATORY AUTHORITY OF ONTARIO

## NOTICE AND REQUEST FOR COMMENT

### PROPOSED FSRA RULE 2019 – 001B FEES AND ASSESSMENTS (INTERIM)

October 5, 2018

#### Introduction

The Financial Services Regulatory Authority of Ontario (**FSRA** or the **Authority**) is proposing an interim fee and assessment rule (a **fee rule**) as more fully set out in this Notice and in the proposed FSRA Rule 2019-001B – Fees and Assessments (Interim) attached as Appendix X to this Notice.

The Ontario Minister of Finance received a report from an expert advisory panel on March 31, 2016 regarding the mandate review of the Financial Services Commission of Ontario (**FSCO**), Financial Services Tribunal (**FST**), and the Deposit Insurance Corporation of Ontario (**DICO**). The panel called for the creation of a new, independent and integrated regulator called the Financial Services Regulatory Authority. FSRA was established under the *Financial Services Regulatory Authority of Ontario Act, 2016* (the **FSRA Act**).

FSRA is an independent agency that will be self-funded and operate on a cost recovery basis, and will regulate the sectors currently regulated by FSCO (other than co-operative corporations) and DICO.

FSRA is working towards a spring 2019 launch date (the date upon which FSRA anticipates assuming the regulatory functions contemplated by the FSRA Act), pending a final decision on timing by the Government of Ontario.

As part of the transition of FSCO's and DICO's regulatory mandate to FSRA, FSRA has developed an initial fee rule to obtain funding from the financial services sectors it regulates.

The background on the initial fee rule is contained in a separate Notice and the new fee rule is described in proposed FSRA Rule 2019-001 – Assessments and Fees (the **Proposed Fee Rule**). With that separate Notice, FSRA is seeking public comment on the Proposed Fee Rule in accordance with section 22 of the FSRA Act. Appendix A to that separate Notice is the Proposed Fee Rule. Within a period of 90 days from the date of publication of that Notice, interested persons are invited to make written representations to FSRA with respect to the Proposed Fee Rule, as more particularly set out under the heading "Comments" at the end of that Notice.

Given the targeted spring 2019 launch date, the time to finalize FSRA's fee rule is limited. As a result, FSRA will only provide a 90-day comment period for its fee rule and interested persons should take this into account in preparing their submissions. Furthermore, if, following the publication of the Proposed Fee Rule and consideration of submissions received during the comment period, FSRA were to propose material changes to the Proposed Fee Rule, it would be required to publish notice of the proposed changes and seek public comment on those changes. If the Proposed Fee Rule cannot be adopted prior to the spring 2019 launch date, FSRA expects it will adopt an interim fee rule, on a transitional basis, which is substantially similar to FSCO's existing assessment regulations and fee schedules.

The details of the interim fee rule are contained in this Notice and in proposed FSRA Rule 2019-001B – Fees and Assessments (Interim) (the **Interim Fee Rule**). With this Notice, FSRA is also seeking public comment on the Interim Fee Rule in accordance with section 22 of the FSRA Act. Appendix X to this Notice is the Interim Fee Rule. Within a period of 90 days from the date of publication of this Notice

(i.e., by January 4, 2019), interested persons are invited to make written representations to FSRA with respect to the Interim Fee Rule, as more particularly set out under the heading “Comments” at the end of this Notice.

### **Development of Interim Fee Rule**

The Interim Fee Rule was developed by FSRA from FSCO’s existing assessment regulations and fee schedules. It incorporates FSCO’s existing fees and assessments as follows:

- fees established by Minister’s Fee Schedules for the credit unions sector, the insurance sector, health service providers (**HSPs**), the loan and trust sector and the pension sector, as well as fees made under the *Financial Services Commission of Ontario Act, 1997* (the **FSCO Act**) for matters such as certificates and photocopies;
- fees for the mortgage brokering sector established under a Minister’s fee regulation (Ontario Regulation 7/18, Application, Renewal and Regulatory Fees – Mortgage Brokerages, Mortgage Brokers, Mortgage Agents and Mortgage Administrators (**Ontario Regulation 7/18**)); and
- assessment provisions established by regulation under the FSCO Act (Ontario Regulation 11/01, Assessment of Expenses and Expenditures (**Ontario Regulation 11/01**)). In summary, the assessment provisions under this regulation involve an annual reconciliation of invoiced amounts *versus* actual costs incurred by FSCO. This differs from the assessment process currently applied by DICO, as more particularly described below.

As noted further below, some existing fees have been eliminated.

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

The substance and purpose of the Interim Fee Rule is to ensure that FSRA is funded by the regulated sectors and to enable FSRA to carry out its legislated mandate, without delay of launch or reliance on funding from the Consolidated Revenue Fund, if the adoption of the Proposed Fee Rule is delayed. FSRA only intends to adopt the Interim Fee Rule if there is insufficient time to adopt the Proposed Fee Rule prior to FSRA’s launch date.

The Interim Fee Rule takes substantially the same assessment approach as the approach currently used by FSCO, but differs from the approach currently used by DICO. More detail with respect to the Interim Fee Rule, and a comparison of the fee and assessment changes from FSCO’s and DICO’s approach, is set out below under the headings “Summary of the Interim Fee Rule” and “Comparison to FSCO/DICO Approach”.

### **Summary of the Interim Fee Rule**

#### **Part 1 – Purpose, Authority and General Approach**

This Part defines the terms used in the Interim Fee Rule. This Part also sets out the purpose of the Interim Fee Rule, the legal authority for it, the general approach taken in developing the interim fee rule and the effective date.

In particular:

- section 1.2 provides that the purpose of the Interim Fee Rule is to provide an interim funding structure for the Authority until a permanent funding structure is established;

- subsection 1.4(1) provides that the general approach for interim funding of the Authority is to continue the cost-recovery structure that funded and was administered by FSCO;
- subsection 1.4(2) provides, among other things, that a number of filing fees have been eliminated;
- subsection 1.4(3) provides, among other things, that regulated sector assessments allow the Authority to recover the expenses and expenditures incurred and made in carrying out its objects and regulatory functions; and
- subsection 1.4(4) provides that the Authority's expenses and expenditures recovered through assessments may also include amounts assessed by the Lieutenant Governor in Council in respect of the Ministry's expenses and expenditures referred to in section 15 of the FSRA Act and the FST's and the Ministry's expenses and expenditures referred to in section 15 of the *Financial Services Tribunal Act, 2017* (the **FST Act**).

## Part 2 - Fees

This Part sets out the fees for the credit unions sector, the insurance sector (including for HSPs), the loan and trust sector, the mortgage brokering sector and the pension sector, as well as general fees.

In particular:

- section 2.3 sets out fees charged to HSPs (a licence application fee, regulatory fee for applicants and an annual regulatory fee for licensees based on locations and number of statutory accident benefit claimants); and
- section 2.5 sets out licence, renewal and regulatory fees charged to the mortgage brokering sector (for a mortgage brokerage licence, a mortgage broker's licence, a mortgage agent's licence and a mortgage administrator's licence).

## Part 3 – Regulated Sector Assessments

This Part sets out the assessment for the credit unions sector, the insurance sector, the loan and trust sector and the pension sector.

In particular:

- section 3.2 addresses the assessment of the regulated sectors and the share of the assessment payable by an entity that forms part of a regulated sector;
- subsection 3.2(4) provides that an assessment may include any amount the Authority has been assessed in respect of a regulated sector by the Lieutenant Governor in Council under subsection 15(1) of the FSRA Act, or under subsection 15(1) of the FST Act; and
- subsections 3.3 – 3.6, inclusive, set out the more detailed sectoral assessment provisions.

## Part 4 - Transition

This Part sets out transitional provisions.

Subsection 4.1(1) provides no fee set out in Part 2 of the Interim Fee Rule is payable to the Authority in respect of any matter where the same fee was previously paid to the Crown in respect of the same

matter prior to the effective date of the Interim Fee Rule, provided the Authority has received value for such pre-paid fee.

Subsection 4.2(1) sets out certain defined terms.

Subsection 4.2(2) provides for the crediting of a portion of the annual premium charged by DICO prior to FSRA's first assessment period, that relates to FSRA's first assessment period and which is paid under the *Credit Unions and Caisses Populaires Act, 1994* and for which the Authority has received value, all on the terms set out therein. The Interim Fee Rule does not cover premiums in respect of the Deposit Insurance Reserve Fund (**DIRF**), which will remain separately funded under section 276.1 of the *Credit Unions and Caisses Populaires Act, 1994*.

## **Comparison to FSCO/DICO Approach**

### Fees

The Interim Fee Rule makes only the minimum changes necessary to consolidate the various fee and assessment provisions used by FSCO into a Rule to be adopted under the FSRA Act. Most changes simply reflect terminology, for example, "Authority" instead of "Commission", "Chief Executive Officer" instead of "Superintendent", etc.

Fees that are charged under the *Co-operative Corporations Act* are not included in the Interim Fee Rule since responsibility for this sector is expected to be transferred to another area of the Government of Ontario, and not to FSRA. Correspondingly, the co-operative sector is not included as a regulated sector in the amendments to the FSRA Act.

A number of fees have been eliminated on input from FSCO. The fees have been updated to reflect current regulatory activities and to remove out of date statutory references.

One separate fee in the credit unions sector has been added to reflect current practice (i.e. that a fee is charged for an application by an extra-provincial credit union for registration). The same fee is charged by FSCO but under a broader fee authority.

Section numbering and some formatting has also been updated for purposes of the Interim Fee Rule.

Aspects of the Minister's Fee Schedule relating to HSPs have been revised to eliminate transition provisions that are no longer required and to ensure the wording better reflects actual practice.

Similarly, transition provisions included in Ontario Regulation 7/18 for the mortgage brokering sector were eliminated as they are no longer applicable.

The descriptions of the fees and the fees themselves set out in the Interim Fee Rule were developed from fees approved by the Minister in a Minister's Fee Schedule or in a regulation in the case of the mortgage brokering sector. These fees are currently summarized on FSCO's website at:

[http://www.fSCO.gov.on.ca/en/about/Pages/fee\\_schedule.aspx](http://www.fSCO.gov.on.ca/en/about/Pages/fee_schedule.aspx)

Separate fees under each regulated sector statute for generic certificates to be issued by the Superintendent, now Chief Executive Officer, have been eliminated, as they were duplicative, given that there is a separate certificate fee under section 20.1 of the FSRA Act that applies. FSCO's practice has been to rely on the equivalent FSCO Act certificate power, instead of that in the separate regulated sector statutes.

Finally, none of the fees have been increased in the Interim Fee Rule, and in the case of the fees for the Life Licence Qualification Program (LLQP) for life insurance agents, the fees in the Interim Fee Rule have been updated to reflect the current costs of the Autorité des marchés financiers, which administers the LLQP.

### Assessments

The assessments section of the Interim Fee Rule incorporates subsections 25(1) and (2) of the FSCO Act in that it establishes that entities in a regulated sector can be assessed with respect to all expenses and expenditures incurred and made in respect of the regulated sector, and also adds some new provisions for clarity (see subsection 3.2(2) of the Interim Fee Rule).

Ontario Regulation 11/01 does not specifically address invoicing so additional phrases have been included (see subsection 3.2(3) of the Interim Fee Rule) to make it explicit that assessments may include estimated, interim, periodic, annual and final installments, as the Authority considers appropriate.

The Interim Fee Rule also has new provisions (subsections 1.4(4) and 3.2(4)) to clarify that, in calculating the assessment of a regulated sector, FSRA is to include amounts charged by the Ministry and FST for the expenses and expenditures that they may assess to FSRA. These amounts have been included in FSCO's common costs.

The FSCO approach (and the approach taken in the Interim Fee Rule) is different from the approach currently used by DICO for the assessment of credit unions and caisses populaires (collectively, **credit unions**) in that:

- DICO charges credit unions on a prospective basis for premiums under the *Credit Unions and Caisses Populaires Act, 1994*; there is no annual reconciliation of invoiced amounts against actual expenses incurred by DICO; and
- while FSCO currently uses market share of total assets (excluding off book assets) (and the Interim Fee Rule continues to do so), DICO currently funds prudential activity through the collection of deposit insurance premiums that are also used to fund the DIRF; the DICO formula uses "Total Insured Deposits" as the premium base, and a formula is set out in regulations under the *Credit Unions and Caisses Populaires Act, 1994* 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".

The Interim Fee Rule intends to use the FSCO approach to assessing credit unions to fund FSRA's prudential and market conduct regulatory activities in respect of the credit unions sector.

The Interim Fee Rule also varies from the approach used by FSCO for the pension sector, in that the date on which the number of members, former members, retired members and other beneficiaries of a pension plan is determined for assessment purposes will change from the 31<sup>st</sup> of December that falls within the assessment period to a date to be determined by FSRA. This will enable FSRA to send the preliminary assessments to pension plan administrators prior to the beginning of the assessment period rather than towards the end of the assessment period, as is presently the case.

### **Authority for the Interim 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 Interim Fee Rule, the Authority has not relied on any significant unpublished study, report, decision or other written materials.

### **Alternatives Considered**

In developing the Interim Fee Rule, FSRA considered the Proposed Fee Rule and the alternatives considered in relation to the Proposed Fee Rule. FSRA only intends to adopt the Interim Fee Rule if delays are encountered, e.g. there is insufficient time to adopt the Proposed Fee Rule prior to FSRA's launch date.

### **Anticipated Costs and Benefits**

The principal benefit of the Interim Fee Rule is that it ensures that, in the event that FSRA proposes material changes to the Proposed Fee Rule such that the Proposed Fee Rule cannot be implemented by the date that FSRA assumes its regulatory mandate contemplated by the FSRA Act, an interim fee rule can be put into place on or before such date to ensure that FSRA is financially able to commence its mandate without reliance on additional government funding.

### **Regulations to be Revoked**

FSRA is not 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 Interim 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 Interim Fee Rule.

### **Comments**

Interested parties are invited to make written representations with respect to the Interim Fee Rule. Submissions received by January 4, 2019 will be considered.

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

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

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

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

All answers to questions will be posted at <http://fsrao.ca/en/consultations/fees-and-assessments-interim?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 January 4, 2019 will be posted on FSRA's website at <http://fsrao.ca/en/consultations/fees-and-assessments-interim?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 X

### FINANCIAL SERVICES REGULATORY AUTHORITY OF ONTARIO RULE 2019 – 001B FEES AND ASSESSMENTS (INTERIM)

#### PART 1 PURPOSE, AUTHORITY AND GENERAL APPROACH

##### 1.1 Definitions

- (1) In this Rule,
  - (a) “Act” means the *Financial Services Regulatory Authority of Ontario Act, 2016*;
  - (b) “Ministry” has the same meaning as applies to that term in the Act; and
  - (c) “the Crown” has the same meaning as set out in section 87 of the *Legislation Act, 2006*.
- (2) Words and phrases defined in section 1 of the Act have the same meaning in this Rule.

##### 1.2 Purpose

- (1) The purpose of the Rule is to provide an interim funding structure for the Authority until a permanent funding structure is established.

##### 1.3 Legal Authority

- (1) The legal authority for the Rule is set out in subsection 21(2) of the Act.

##### 1.4 General Approach

- (1) The general approach for interim funding of the Authority is to continue the cost-recovery structure that funded and was administered by FSCO consisting of a combination of fees and regulated sector assessments.
- (2) The interim fees in this Rule consolidate and update the fees contained in the various Minister’s Fee Schedules and Fee Regulations applicable to the regulated sectors. A number of filing fees are eliminated.
- (3) The sector assessment provisions in this Rule substantively follow the assessment provisions set out in Ontario Regulation 11/01 (*Assessment of Expenses and Expenditures*), made under the *Financial Services Commission of Ontario Act, 1997*. Regulated sector assessments allow the Authority to recover the expenses and expenditures incurred and made in carrying out its objects and regulatory functions in the credit unions, insurance, loan and trust and pension sectors.
- (4) The Authority’s expenses and expenditures recovered through assessments may also 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 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*.

**1.5 Effective Date**

- (1) This Rule comes into force on ●, 2019.

**PART 2 FEES**

**2.1 Credit Unions Sector**

- (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

**2.2 Insurance Sector**

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

DESCRIPTION	FEE
Licence application for a new Ontario incorporated insurer – <i>Insurance Act</i> , subsection 42(1)	\$4,000 per application
Agent and adjuster licence fees:	
a) Agent licence fee - <i>Insurance Act</i> , subsection 392.3(1)	a) \$150 per 2-year licence

b) Corporation agent licence fee - <i>Insurance Act</i> , subsection 400(1)	b) \$400 per 2-year licence
c) Partnership agent licence fee - <i>Insurance Act</i> , subsection 399(1)	c) \$200 per 2-year licence
d) Adjuster licence fee - <i>Insurance Act</i> , section 397	d) \$75 per 1-year licence
e) Adjuster licence fee for a partnership ( <i>Insurance Act</i> , subsection 399(1)), or a corporation ( <i>Insurance Act</i> , subsection 400(1))	e) \$200 per 1-year licence
Certificate issued by the Chief Executive Officer - <i>Insurance Act</i> , subsection 25(2)	\$25 per certificate
Photocopying: rate manuals per category of automobile insurance	\$100
Life Licence Qualification Program (LLQP) fees in respect of the purchase of LLQP course material for the LLQP course and examination under Ontario Regulation 347/04	<p>a) \$31 per student registered in a life insurance agent course</p> <p>b) \$19 per student registered in an accident and sickness insurance agent course</p> <p>c) \$6 per student registered in only the ethics and professional practice portion of an LLQP course</p>

### 2.3 Insurance Sector (Service Providers)

- (1) The fees payable with respect to matters under sections 288.1 to 288.7 of the *Insurance Act* relating to service providers are the amounts determined according to this section 2.3.
- (2) Definitions – In this section 2.3,
  - (a) “fiscal year” means April 1st to March 31st;
  - (b) “listed expenses” means listed expenses in connection with statutory accident benefits within the meaning of section 288.1 of the *Insurance Act*;
  - (c) “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
  - (d) “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.

## 2.4 Loan and Trust Sector

(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

## 2.5 Mortgage Brokering Sector

- (1) The required fees with respect to matters under the *Mortgage Brokerages, Lenders and Administrators Act, 2006* are the amounts determined according to this section 2.5.
- (2) Definition – In this section 2.5,
  - (a) “two-year cycle” means the two-year period that began on April 1, 2018 and ends on March 31, 2020 and each successive two-year period thereafter.
- (3) Words and phrases defined in section 1 of the *Mortgage Brokerages, Lenders and Administrators Act, 2006* have the same meaning in this section 2.5.
- (4) Mortgage brokerage licence – The applicable fee for an application for a mortgage brokerage licence is the following:

- (a) For a licence that is to take effect at the beginning of a two-year cycle, \$1,156.
- (b) For a licence that is to take effect at any other point during a two-year cycle, the amount calculated using the formula,

$$\$100 + (A \times \$44)$$

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 two-year cycle that immediately follows.

- (4.1) On or before the day on which each two-year cycle 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 two-year cycle of \$1,056.
- (5) Mortgage broker’s licence – The applicable fee for an application for a mortgage broker’s licence is the following:
  - (a) For a licence that is to take effect at the beginning of a two-year cycle, \$1,156.
  - (b) For a licence that is to take effect at any other point during a two-year cycle, the amount calculated using the formula,

$$\$100 + (A \times \$44)$$

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 two-year cycle that immediately follows.

- (5.1) The applicable fee for an application to renew a mortgage broker’s licence is \$1,056.

- (5.2) An applicant is not required to pay the fee described in subsection 2.5(5) 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.
- (5.3) An applicant is not required to pay the fee described in subsection 2.5(5) or (5.1) if, before the application is submitted, the mortgage brokerage on whose behalf the individual is authorized to deal 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.
- (5.4) Subsection 2.5(5.3) does not apply if the mortgage brokerage has previously designated another individual as its principal broker in respect of the same two-year cycle.

(6) Mortgage agent's licence – The applicable fee for an application for a mortgage agent's licence is the following:

- (a) For a licence that is to take effect at the beginning of a two-year cycle, \$1,156.
- (b) For a licence that is to take effect at any other point during a two-year cycle, the amount calculated using the formula,

$$\$100 + (A \times \$44)$$

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 two-year cycle that immediately follows.

(6.1) The applicable fee for an application to renew a mortgage agent's licence is \$1,056.

(7) Mortgage administrator's licence – The applicable fee for an application for a mortgage administrator's licence is the following:

- (a) For a licence that is to take effect at the beginning of a two-year cycle, \$1,156.
- (b) For a licence that is to take effect at any other point during a two-year cycle, the amount calculated using the formula,

$$\$100 + (A \times \$44)$$

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 two-year cycle that immediately follows.

- (7.1) On or before the day on which each two-year cycle 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 two-year cycle of \$1,056.
- (8) Fees not refundable – A fee paid by a person or entity under this section 2.5 is not refundable and may not be credited toward any subsequent fee payable by the person or entity.

## 2.6 Pension Sector

- (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

## 2.7 General Fees

- (1) The fees payable with respect to matters under the 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 photocopying fee is specifically provided under another section of this Rule	\$0.50 per page (\$5.00 minimum)

## PART 3 REGULATED SECTOR ASSESSMENTS

### 3.1 Definitions

- (1) In this Part,
- “assessment period” means the period of time with respect to which the Authority makes an assessment under this Part.

### 3.2 Assessment of Regulated Sectors

- (1) The Authority may assess all entities that form part of a regulated sector with respect to all expenses incurred and expenditures made by the Authority in respect of the regulated sector in connection with work described in sections 3, 4 and 6 of the Act and in carrying out its regulatory functions in respect of the regulated sector under any act that confers powers on or assigns duties to the Chief Executive Officer or the Authority.
- (2) If an assessment is made under this Part, the share of the assessment in respect of the regulated sector and the share of the assessment payable by an entity that forms part of the sector shall be determined in the manner set out in this Part.

- (3) An assessment of a regulated sector or an entity that forms part of a regulated sector may be made in such manner and at such times as the Authority considers appropriate in the circumstances, and may include estimated, interim, periodic, annual and final installments.
- (4) In this Part, the “total of all expenses incurred and expenditures made by the Authority” in respect of a sector for an assessment period referred to in paragraph 1 of subsections 3.3(2) and in subsections 3.4(4), 3.5(2) and 3.6(9) of this Part may include any amount the Authority has been assessed in respect of the sector by the Lieutenant Governor in Council under subsection 15(1) of the Act, or under subsection 15(1) of the *Financial Services Tribunal Act, 2017*.

### 3.3 Credit Unions Sector

- (1) Definitions – In this section 3.3,
  - (a) “assets” means, with respect to a credit union, the amount shown as the credit union’s total assets in the last Monthly Information Return that was required to be filed by the credit union under section 225 or 226 of the *Credit Unions and Caisses Populaires Act, 1994*;
  - (b) “credit union” means a credit union or caisse populaire to which the *Credit Unions and Caisses Populaires Act, 1994* applies;
  - (c) “credit unions sector” means the sector referred to in clause (a) of the definition of “regulated sector” in section 1 of the Act;
  - (d) “league” means a league to which the *Credit Unions and Caisses Populaires Act, 1994* applies.
- (2) A credit union’s share of an assessment of the credit unions sector under this Part for an assessment period is the greater of \$200 or the amount calculated using the formula,

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

in which,

“A” is the total of all expenses incurred and expenditures made by the Authority in respect of the credit unions sector for the assessment period,

“B” is the total of all amounts recovered or recoverable during the assessment period through fees and additional assessments paid or payable by the credit unions sector to the Authority in respect of the *Credit Unions and Caisses Populaires Act, 1994* for the assessment period,

“C” is the amount of the total assets of the credit union, and

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

- (3) Subject to subsection 3.3(4), a league’s share of an assessment of the credit unions sector under this Part for an assessment period is zero.

- (4) If the Authority does work during an assessment period in response to a request by a league and the work is not related to an examination, investigation or inspection conducted under section 229 of the *Credit Unions and Caisses Populaires Act, 1994*, the league's share of an assessment of the credit unions sector under this Part for the assessment period is the sum of any expenses incurred and expenditures made during the assessment period by the Authority for the work done.

### 3.4 Insurance Sector

- (1) Definitions – In this section 3.4,
- (a) “insurance sector” means the sector referred to in clause (b) of the definition of “regulated sector” in section 1 of the Act;
  - (b) “property and casualty insurance” means insurance other than accident and sickness insurance and life insurance.
- (2) Words and expressions defined in section 1 of the *Insurance Act* and in an order made under section 43 of the *Insurance Act* have the same meaning in this section.
- (3) For the purpose of this section 3.4,
- (a) an insurer's direct premiums for a class of insurance in a year are the premiums paid to the insurer in the year for that class of insurance, other than premiums for that class of insurance paid to the insurer in the year under agreements for reinsurance; and
  - (b) an insurer's net premiums for a class of insurance in a year are the premiums paid to the insurer in the year for that class of insurance, including premiums for that class of insurance paid to the insurer in the year under agreements for reinsurance, less premiums for that class of insurance paid by the insurer in the year under agreements for reinsurance.
- (4) An insurer's share of an assessment of the insurance sector under this Part shall be determined in accordance with the following:
- (a) The total amount to be used in determining shares of the assessment shall be equal to the total of all expenses incurred and expenditures made by the Authority in respect of the insurance sector for the assessment period.
  - (b) Calculate the expenses incurred and expenditures made in respect of automobile insurance, in accordance with the following formula:

$$D = F + (G \times 0.85) + (H / 2)$$

in which,

“D” is the expenses incurred and expenditures made in respect of automobile insurance,

“F” is the expenses incurred and expenditures made by the Authority during the assessment period in respect of activities

relating to automobile insurance policy and compliance matters, as applicable,

“G” is the expenses incurred and expenditures made by the Authority during the assessment period in respect of insurance rates, classifications and actuarial activities,

“H” is the expenses incurred and expenditures made by the Authority during the assessment period for the Office of the Insurance Ombudsman.

- (c) Calculate the insurer’s automobile insurance share of the assessment, in accordance with the following formula:

$$S = (T / U) \times D$$

in which,

“S” is the insurer’s automobile insurance share of the assessment,

“T” is the insurer’s direct premiums for automobile insurance in Ontario in the year beginning on the January 1 immediately preceding the beginning of the assessment period,

“D” is the expenses incurred and expenditures made in respect of automobile insurance, calculated under paragraph 3.4(4)(b),

“U” is the total, for all insurers licensed for automobile insurance during the assessment period, of all direct premiums for automobile insurance in the year beginning on the January 1 immediately preceding the beginning of the assessment period.

- (d) Calculate the amount to be recovered with respect to activities other than automobile insurance, in accordance with the following formula:

$$V = A - D - W$$

in which,

“V” is the amount to be recovered with respect to activities other than automobile insurance,

“A” is the total amount to be used in determining shares of the assessment, as set out in paragraph 3.4(4)(a),

“D” is the expenses incurred and expenditures made in respect of automobile insurance, calculated under paragraph 3.4(4)(b),

“W” is the total revenue collected during the assessment period by the Authority in respect of the *Insurance Act* and the *Prepaid Hospital and Medical Services Act*, other than taxes paid under section 74.4 of the *Corporations Tax Act* and assessments paid under section 14.1 of the *Insurance Act*.

- (e) If the insurer is licensed for property and casualty insurance during the assessment period, calculate the property and casualty insurer assessment rate for insurers that are members of the Fire Mutuals Guarantee Fund or are incorporated or organized under the laws of foreign jurisdictions, in accordance with the following formula:

$$X = \frac{(0.7 \times V) - (0.0004 \times Y)}{Y + Z}$$

in which,

“X” is the property and casualty insurer assessment rate for insurers that are members of the Fire Mutuals Guarantee Fund or are incorporated or organized under the laws of foreign jurisdictions,

“V” is the amount to be recovered with respect to activities other than automobile insurance, calculated under paragraph 3.4(4)(d),

“Y” is the total, for all insurers that are licensed for property and casualty insurance during the assessment period and that are incorporated or organized under the laws of Ontario and are not members of the Fire Mutuals Guarantee Fund, of all net premiums for property and casualty insurance in the year beginning on the January 1 immediately preceding the beginning of the assessment period,

“Z” is the total, for all insurers that are licensed for property and casualty insurance during the assessment period and that are members of the Fire Mutuals Guarantee Fund or are incorporated or organized under the laws of foreign jurisdictions, of all net premiums for property and casualty insurance in the year beginning on the January 1 immediately preceding the beginning of the assessment period.

- (f) If the insurer is licensed for property and casualty insurance during the assessment period and is a member of the Fire Mutuals Guarantee Fund or is incorporated or organized under the laws of a foreign jurisdiction, calculate the insurer’s property and casualty insurance share of the assessment, in accordance with the following formula:

$$AA = BB \times X$$

in which,

“AA” is the insurer’s property and casualty insurance share of the assessment,

“BB” is the insurer’s net premium for property and casualty insurance in Ontario in the year beginning on the January 1 immediately preceding the beginning of the assessment period,

“X” is the property and casualty insurer assessment rate for insurers that are members of the Fire Mutuals Guarantee Fund or are incorporated or organized under the laws of foreign jurisdictions, calculated under paragraph 3.4(4)(e).

- (g) If the insurer is licensed for property and casualty insurance during the assessment period, is incorporated or organized under the laws of Ontario and is not a member of the Fire Mutuals Guarantee Fund, calculate the insurer's property and casualty insurance share of the assessment, in accordance with the following formula:

$$CC = DD \times (X + 0.0004)$$

in which,

"CC" is the insurer's property and casualty insurance share of the assessment,

"DD" is the insurer's net premiums for property and casualty insurance in Ontario in the year beginning on the January 1 immediately preceding the beginning of the assessment period,

"X" is the property and casualty insurer assessment rate for insurers that are members of the Fire Mutuals Guarantee Fund or are incorporated or organized under the laws of foreign jurisdictions, calculated under paragraph 3.4(4)(e).

- (h) If the insurer is licensed for accident and sickness insurance or for life insurance during the assessment period, calculate the assessment rate for insurers incorporated or organized under the laws of foreign jurisdictions that are licensed for accident and sickness insurance or for life insurance, in accordance with the following formula:

$$EE = \frac{(0.3 \times V) - (0.0004 \times FF)}{FF + GG}$$

in which,

"EE" is the assessment rate for insurers incorporated or organized under the laws of foreign jurisdictions that are licensed for accident and sickness insurance or for life insurance,

"V" is the amount to be recovered with respect to activities other than automobile insurance, calculated under paragraph 3.4(4)(d),

"FF" is the total, for all insurers incorporated or organized under the laws of Ontario that are licensed for accident and sickness insurance or for life insurance during the assessment period, of all net premiums for accident and sickness insurance and life insurance in the year beginning on the January 1 immediately preceding the beginning of the assessment period,

"GG" is the total, for all insurers incorporated or organized under the laws of foreign jurisdictions that are licensed for accident and sickness insurance or for life insurance during the assessment period, of all net premiums for accident and sickness insurance and life insurance in the year beginning on the January 1 immediately preceding the beginning of the assessment period.

- (i) If the insurer is incorporated or organized under the laws of a foreign jurisdiction and is licensed for accident and sickness insurance or for life insurance during the assessment period, calculate the insurer's share of the assessment for accident and sickness insurance and life insurance, in accordance with the following formula:

$$HH = II \times EE$$

in which,

"HH" is the insurer's share of the assessment for accident and sickness insurance and life insurance,

"II" is the insurer's net premiums for accident and sickness insurance and life insurance in Ontario in the year beginning on the January 1 immediately preceding the beginning of the assessment period,

"EE" is the assessment rate for insurers incorporated or organized under the laws of foreign jurisdictions that are licensed for accident and sickness insurance or for life insurance, calculated under paragraph 3.4(4)(h).

- (j) If the insurer is incorporated or organized under the laws of Ontario and is licensed for accident and sickness insurance or for life insurance during the assessment period, calculate the insurer's share of the assessment for accident and sickness insurance and life insurance, in accordance with the following formula:

$$JJ = KK \times (EE + 0.0004)$$

in which,

"JJ" is the insurer's share of the assessment for accident and sickness insurance and life insurance,

"KK" is the insurer's net premiums for accident and sickness insurance and life insurance in Ontario in the year beginning on the January 1 immediately preceding the beginning of the assessment period,

"EE" is the assessment rate for insurers incorporated or organized under the laws of foreign jurisdictions that are licensed for accident and sickness insurance or for life insurance, calculated under paragraph 3.4(4)(h).

- (k) Calculate the sum of the following amounts that apply to the insurer:
- (i) The insurer's automobile insurance share of the assessment, calculated under paragraph 3.4(4)(c).
  - (ii) The insurer's property and casualty insurance share of the assessment, calculated under paragraph 3.4(4)(f) or (g).

- (iii) The insurer's share of the assessment for accident and sickness insurance and life insurance, calculated under paragraph 3.4(4)(i) or (j).
- (l) The insurer's share of the assessment under the Act is equal to the greater of the amount calculated under paragraph 3.4(4)(k) and,
  - (i) \$1,000, if the insurer is not a fraternal society, or
  - (ii) \$100, if the insurer is a fraternal society.

### 3.5 Loan and Trust Sector

- (1) Definitions – In this section 3.5,
  - (a) “loan or trust corporation” means a corporation registered under the *Loan and Trust Corporations Act*;
  - (b) “loan and trust sector” means the sector referred to in clause (c) of the definition of “regulated sector” in section 1 of the Act.
- (2) A loan or trust corporation's share of an assessment of the loan and trust sector under this Part for an assessment period is the amount calculated using the formula,

$$(A - B)/C$$

in which,

“A” is the total of all expenses incurred and expenditures made by the Authority in respect of the loan and trust sector for the assessment period,

“B” is the total of all fees paid or payable during the assessment period by the loan and trust sector to the Authority in respect of the *Loan and Trust Corporations Act*, and

“C” is the number of loan or trust corporations registered under the *Loan and Trust Corporations Act* at any time during the assessment period.

### 3.6 Pension Sector

- (1) Definitions – In this section 3.6,
  - (a) “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*;
  - (b) “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*

Act at any time before the beginning of the applicable assessment period;  
and

- (c) “pension sector” means the sector referred to in clause (e) of the definition of “regulated sector” in section 1 of the Act.
- (2) Words and expressions relating to pension plans have the same meaning in this section 3.6 as they have under the *Pension Benefits Act*.
  - (3) An entity’s share of an assessment of the pension sector under this section 3.6 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 3.6(4).
    - (b) For the administrator of a discontinued plan, zero.
    - (c) For any other entity in the pension sector, zero.
  - (4) For the purposes of paragraph 1 of subsection 3.6(3), the share of the assessment payable by the administrator of an assessable pension plan for an assessment period is calculated by,
    - (a) determining the preliminary amount of the assessment for the pension plan under subsections 3.6(5), (6), (7) and (8) for the assessment period;
    - (b) determining the adjustment amount for the pension plan under subsection 3.6(9) for the assessment period; and
    - (c) adding the adjustment amount to the preliminary amount of the assessment.
  - (5) Subject to subsections 3.6(6) and (7), the preliminary amount of the assessment for an assessable pension plan for an assessment period is the amount calculated using the formula,

$$(A \times \$6.15) + (B \times \$4.25)$$

in which,

“A” is the number of members of the pension plan in respect of the assessment period, determined as specified in subsection 3.6(8), and

“B” is the number of former members, retired members and other beneficiaries of the pension plan in respect of the assessment period, determined as specified in subsection 3.6(8).

- (6) If the amount calculated under subsection 3.6(5) is less than \$250, the preliminary amount of the assessment for the pension plan is \$250.
- (7) If the amount calculated under subsection 3.6(5) is greater than \$75,000, the preliminary amount of the assessment for the pension plan is \$75,000.

- (8) The number of members and the number of former members, retired members and other beneficiaries of a pension plan in respect of the assessment period is the number of each indicated in the most recent annual information return filed under the *Pension Benefits Act* on or before a date determined by the Authority or, in the absence of such a return, the number of each indicated in the application for registration of the pension plan submitted under the *Pension Benefits Act*.
- (9) The adjustment amount for an assessable pension plan for an assessment period is the amount calculated using the formula,

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

in which,

“C” is the total of all expenses incurred and expenditures made by the Authority in respect of the pension sector for the assessment period, other than the reasonable expenses charged to the Pension Benefits Guarantee Fund by the Chief Executive Officer under subsection 82(3) of the *Pension Benefits Act*,

“D” is the total of all amounts recovered or recoverable during the assessment period by the pension sector to the Authority under the Act or to the Chief Executive Officer under the *Pension Benefits Act* for the assessment period, excluding the assessments calculated under this Rule,

“E” is the sum of the preliminary amount of the assessment for every assessable pension plan for the assessment period, as determined under subsections 3.6(5) through (8) for each pension plan, and

“F” is the preliminary amount of the assessment for the particular pension plan for the assessment period, as determined under subsections 3.6(5) through (8).

- (10) The adjustment amount for a pension plan may be a negative number.

## **PART 4 TRANSITION**

### **4.1 Fees**

- (1) Notwithstanding any other provision of this Rule, no fee set out in Part 2 of this Rule is payable to the Authority in respect of any matter where the same fee was previously paid to the Crown in respect of the same matter prior to the Effective Date of this Rule, provided, however, that in the case of each such fee, the Authority has received value for such fee from its predecessor, the Financial Services Commission of Ontario or the Deposit Insurance Corporation of Ontario.

### **4.2 Assessments**

- (1) Definitions – in this section 4.2,
- (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;

- (b) “assessment period” means the period of time with respect to which the Authority makes an assessment under Part 3;
  - (c) “DICO” means the Deposit Insurance Corporation of Ontario;
  - (d) “DIRF” means the Deposit Insurance Reserve Fund referenced in subsection 276(1) of the *Credit Unions and Caisses Populaires Act, 1994*; and
  - (e) “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, 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:
- (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.