



THE INVESTMENT
FUNDS INSTITUTE
OF CANADA

L'INSTITUT DES FONDS
D'INVESTISSEMENT
DU CANADA

February 19, 2025

British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission, New Brunswick
Nova Scotia Securities Commission
Financial and Consumer Services Division, Justice and Public Safety, Prince Edward Island
Office of the Superintendent of Securities, Newfoundland and Labrador
Office of the Superintendent of Securities, Northwest Territories
Office of the Yukon Superintendent of Securities
Office of the Superintendent of Securities, Nunavut

The Secretary
Ontario Securities Commission
20 Queen Street West
22nd Floor, Box 55
Toronto, Ontario M5H 3S8
E-mail: comments@osc.gov.on.ca

Me Philippe Lebel
Corporate Secretary and Executive Director, Legal Affairs
Autorité des marchés financiers
Place de la Cité, tour PwC
2640, boulevard Laurier, bureau 400
Québec (Québec) G1V 5C1
E-mail: consultation-en-cours@lautorite.qc.ca

Dear Sirs and Mesdames:

RE: CSA Consultation – Amendments to Multilateral Instrument 13-102 System Fees

The Investment Funds Institute of Canada (IFIC) appreciates the opportunity to comment on the Canadian Securities Administrators' (CSA) proposed amendments to Multilateral Instrument 13-102 System Fees (Consultation).

IFIC is the voice of Canada's investment funds industry. IFIC brings together approximately 150 organizations, including fund managers, distributors and industry service organizations to foster a strong, stable investment sector where investors can realize their financial goals. IFIC operates on a governance framework that gathers member input through working committees. The recommendations of the working committees are submitted to the IFIC Board or board-level committees for direction and approval. This process results in a submission that reflects the input and direction of a broad range of IFIC members.

General Comments and Concerns

IFIC members appreciate the CSA's initiative in 2019 to simplify the system fee regime so that the principal and non-principal regulator system fees could be replaced with flat fees per filing type paid only to a filer's principal regulator which, combined with changes in filing patterns, resulted in an annual system fee reduction.

We understand that the CSA is functioning on a cost-recovery basis and that the significant fee increases proposed in the Consultation are to recover exponential cost increases in the last few years for implementing and maintaining information technology (IT) systems. It is important to note, however, that the industry has concerns with how SEDAR+ was developed and therefore expects the increased new fees will be used optimally.

The CSA has made a large investment and time commitment in order for SEDAR+ to benefit investors, industry, and regulators. Since the launch of SEDAR+ in July 2023, the industry and CSA have agreed that the use of the system posed significant challenges, which needed to be addressed, in part, through system modifications. We are thankful that the most significant challenges have been addressed. However, using SEDAR+ still presents some challenges such as the search function and slow functionality, which need to be addressed so that the system meets investor and industry needs. The industry recognizes and appreciates the CSA's commitment, collaboration and ongoing work to resolve all outstanding issues.

We have noted that the fee increases proposed in the Consultation "will be less than \$2,500 for 95% of filing and registrant organizations and less than \$1,000 for 85% of filing and registrant organizations, in the first year." Nonetheless, based on our members' feedback, the fee increases for some registrants will be substantial and should not be underestimated. Investors and/or industry will ultimately bear the costs and are highly sensitive to them.

We are pleased to see that the Consultation states: "We are reviewing whether the CSA can develop and operate national systems more effectively and efficiently. As part of that review, the CSA is developing a long-term strategic plan for the national systems that considers use of the latest technology tools and alternative operating models."

As mentioned above, the industry understands that the CSA is making the fee proposals in the Consultation based on cost recovery, hence IFIC members do not oppose the fee increases but do have recommendations below for how to make SEDAR+ a system that will adequately respond to investor and industry needs. The industry considers such significant fee increases an exception and hopes that they can be avoided in the future.

Recommendations

1. Overcome current functionality challenges

As mentioned above, SEDAR+ currently presents some challenges. We urge the CSA to continue to address the concerns that have already been raised by the industry and resolve all issues as soon as possible and publish a firm timeline to do so.

2. Industry involvement in further development of SEDAR+

It is an accepted practice in technological developments that superusers provide input on the design and development of such systems. We appreciate that during SEDAR+ development, some industry superusers were invited to test and provide input. We recommend that for future developments, a broader group of the industry be invited to participate. This could be achieved through the establishment of a committee that includes industry IT participants to help the CSA better shape SEDAR+ for the future. In fact, we believe that any project with significant IT impact should involve relevant industry IT experts to help ensure adequate development, reasonable transition periods and optimization of the user experience and utility.

3. Use SEDAR+ as a tool for regulatory burden reduction

One way to offset the significant fee increases for SEDAR+ is to maximize its use as a tool to reduce regulatory burden. For example, SEDAR+ could be used as a central repository for mandatory investment industry disclosure documents if, and when the CSA moves to an access-based disclosure system. The industry would be pleased to have further discussions with the CSA on how to make the best use of SEDAR+.

4. Amortize the fee increase over the next five years

The Consultation proposes “a 60% system fee increase in November 2025 and 3% increases in each of the following four years.” We recommend that the total system fee increases over the next five years be equally divided annually to avoid a sudden significant budget impact for registrants for 2025.

5. Avoid sudden significant fee increases in the future

We understand system fees have been stable for a number of years. We recommend that if the CSA needs to increase the fees that this be done, when warranted, on a gradual basis rather than suddenly.

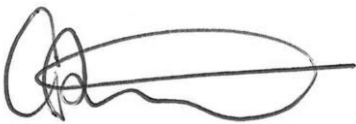
* * * * *

CONCLUSION

IFIC is grateful to have had this opportunity to provide our comments on the Consultation. Please feel free to contact me by email at amitchell@ific.ca and I would be pleased to provide further information or answer any questions you may have.

Yours sincerely,

THE INVESTMENT FUNDS INSTITUTE OF CANADA



By: Andy Mitchell
President & CEO