

CSA Notice and Request for Comment

Draft Regulation to amend Regulation 13-102 respecting System Fees

November 21, 2024

Introduction

The Canadian Securities Administrators except the British Columbia Securities Commission (the **CSA** or **we**) are publishing for a 90-day comment period draft amendments (the **Draft Amendments**) to *Regulation 13-102 respecting System Fees (Regulation 13-102)*¹. The British Columbia Securities Commission is not publishing the draft amendments and changes for comment at this time while it awaits necessary government approvals.

The text of the Draft Amendments is published with this notice and will also be available on the websites of CSA jurisdictions, including:

www.bcsc.bc.ca

www.albertasecurities.com

www.fcaa.gov.sk.ca

www.mbsecurities.ca

www.osc.gov.on.ca

www.lautorite.qc.ca

www.fcnb.ca

nssc.novascotia.ca

Substance and Purpose

The CSA is proposing to introduce an updated system fee regime with annual increases in system fees over a 5-year period commencing late 2025. Under the Draft Amendments:

- the total system fees collected by the CSA will increase,
- no new system fees are introduced,
- system fees remain established on a cost-recovery basis, and
- the flat-fee structure is retained.

¹ While the Manitoba Securities Commission is not a participant in Regulation 13-102, it is a participant in the system fee regime as a result of Regulation 158/2013 under *The Securities Act* (Manitoba). It is anticipated that the Draft Amendments would be reflected in corresponding changes to Regulation 158/2013.

We note that system fees fund the costs of the technology systems shared by the CSA and its members and are separate from any regulatory or other fees a user may be required to pay in any province or territory.

Background

In 2013, Regulation 13-102 was adopted to replace the filing service charge schedules under the SEDAR Filer Manual and the NRD User Guide. On adopting Regulation 13-102, the CSA reduced some fee rates but retained the fee structure from the filing service charge schedules, which required fees to be paid to principal and non-principal regulators in differing amounts. These fee reductions were made in response to the underlying costs of operating the national systems having been reduced at that time.

In 2019, the CSA proposed that Regulation 13-102 be repealed and replaced so that the principal and non-principal regulator system fees could be replaced with flat fees per filing type paid only to a filer's principal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. This change simplified the system fee regime for filers and was implemented when SEDAR+ went live in July 2023. This change also removed system fees for certain filing types and introduced some new fees. The system fee changes under this new structure, combined with changes in filing patterns, reduced the annual system fee revenue by 18%. As a result, fiscal 2024 system fee revenue was less than the fiscal 2013 system fee revenue.

When this change was proposed in 2019, the accelerated growth in IT labour costs for both system development and operations (including SEDAR+), could not have been anticipated. From 2021 to 2024, the labour costs for IT services increased between 35% and 45%, outpacing costs growth in other sectors². These IT labour costs are expected to continue increasing at a steady pace over the next few years.

The CSA's experience with cost increases is consistent with external research³, which shows that IT costs have increased significantly across all industries in recent years due to several factors, including higher technology costs, higher cybersecurity risk mitigation costs and higher specialized labour costs.

Summary of the Draft Amendments

The CSA is proposing to increase system fees to better align system fee revenues with projected national systems operating costs over the next 5 years.

To meet current national systems funding needs, the CSA is proposing a 60% system fee increase in November 2025 and 3% increases in each of the following four years. The proposed system fee increase 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.

² <https://www.gartner.com/en/documents/3996699>

The Gartner Labor Rate Tool provides rates for 30+ countries for a selection of IT services. It uses salary analysis, which sources salary data from 65,000 global sources including government salary data, job boards, and corporate sources to collect compensation data. North American parameters were used to assess labor rate increases.

³ Gartner, Statistica

These system fee increases are necessary to ensure sufficient funding to operate the CSA's national systems over those five years. Since system fees continue to be based on the type and number of filings submitted and the number of individual registrants, the proportional fee increases will equitably impact all market segments.

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.

Local Matters

An annex is being published in any local jurisdiction that is making related changes to local securities laws, including local notices or other policy instruments in that jurisdiction. It also includes any additional information that is relevant to that jurisdiction only.

Request for Comments

We welcome your comments on all aspects of the Draft Amendments.

Please submit your comments in writing on or before February 19, 2025.

Address your submission to all of the CSA as follows:

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

Deliver your comments **only** to the addresses below. Your comments will be distributed to the other participating CSA regulators.

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Corporate Secretary and Executive Director, Legal Affairs
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Québec (Québec) G1V 5C1
Fax : 514 864-6381
[E-mail: consultation-en-cours@lautorite.qc.ca](mailto:consultation-en-cours@lautorite.qc.ca)

The Secretary
Ontario Securities Commission
20 Queen Street West
22nd Floor, Box 55
Toronto, Ontario M5H 3S8
Fax: 416 593-2318
[E-mail: comments@osc.gov.on.ca](mailto:comments@osc.gov.on.ca)

We cannot keep submissions confidential because securities legislation in certain provinces requires publication of the written comments received during the comment period. All comments received will be posted on the websites of each of the Alberta Securities Commission at www.albertasecurities.com, the Autorité des marchés financiers at www.lautorite.qc.ca and the Ontario Securities Commission at www.osc.gov.on.ca. You should not include personal information directly in comments as the comments will be published and publicly available.

It is important that you state on whose behalf you are making the submission.

List of Annexes

This notice contains the following annex:

- Annex A – Québec local matters

Questions

Please refer your questions to any of the following:

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<p><i>Alberta Securities Commission</i></p> <p>Duncan Pardoe Legal Counsel, Office of the General Counsel Duncan.Pardoe@asc.ca</p>	<p><i>Financial and Consumer Services Commission Authority of Saskatchewan</i></p> <p>Sonne Udemgba, Director, Legal, Securities Division Financial and Consumer Affairs sonne.udemgba@gov.sk.ca</p>
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<p><i>Financial and Consumer Services Commission (New Brunswick)</i></p> <p>Ray Burke Manager, Corporate Finance ray.burke@fcnb.ca</p>	<p><i>Nova Scotia Securities Commission</i></p> <p>Doug Harris General Counsel, Director of Market Regulation and Policy and Secretary Doug.Harris@novascotia.ca</p>

ANNEX A

QUÉBEC LOCAL MATTERS

1. Introduction

This Annex to the accompanying CSA Notice and Request for Comment (**CSA Notice**) sets out matters relevant to Québec. The Autorité des marchés financiers (**AMF**) is publishing this Annex to supplement the CSA Notice.

Please refer to the CSA Notice for a discussion of the substance and purpose of the draft amendments (the **Draft Amendments**) to *Regulation 13-102 respecting System Fees*, and a summary of the Draft Amendments. The Draft Amendments are published with the CSA Notice.

2. Authority for the Draft Amendments

The Draft Amendments described in the CSA Notice will be made under subparagraph (9) of the first paragraph 1 of section 331 of the *Securities Act* (the **Act**):

- Subparagraph 9 of the first paragraph of section 331 provides that the AMF, may, by regulation, prescribe the fees payable for any formality provided for in the Act or the regulations and for services rendered by the AMF, and the terms and conditions of payment.

3. Stakeholders affected by the Draft Amendments

3.1 General Public

Through the CSA National Systems, the general public is able to obtain information pertaining to regulatory compliance and disclosure, including public filings of issuers on SEDAR+.

3.2 Filers

Filers (i.e. issuers, registrants and other market participants) use SEDAR+ and NRD for registration activities, submission of regulatory documents, and making disclosure requirements to securities regulators.¹

Based on filing volume from August 2023 to July 2024, it is estimated that 12,858 filers will be impacted Canada-wide including 3,627 registrant filers through NRD and 9,231 filing organizations through SEDAR+ (including issuers, fund groups, fund issuers, and third-party

¹ Note that system fees are based on the type and number of filings submitted. Some issuers and registrants do not submit regulatory filings every year. For example, while some reporting issuers may submit regular filings to meet their continuous disclosure obligations, other issuers and registrants may only submit filings when triggered by various activities, such as capital raising or the registration of new staff. Furthermore, some filers may make different types of filings on both SEDAR+ and NRD.

filers). Of this number, 1,278 filers will be impacted in Québec including 216 registrant filers through NRD and 1,062 filing organizations through SEDAR+.

Figure 1 below illustrates in more detail the filing fees for filers across Canada and in Québec, including the current regulatory fees and system fees, and the proposed increase in system fees.

Figure 1: Filing Fees in Canada and Québec

Coverage	Filing system	Number of filers with filing fees ²	Regulatory fees	System fees, \$m		Proposed increase as % of total fees
				Current	Proposed increase	
Canada	SEDAR+	9,231	246.3	10.1	6.1	2.4%
	NRD	3,627	225.4	12.0	7.2	3%
	Total	12,858	471.7	22.1	13.3	2.7%
Québec	SEDAR+	1,062	58.4	0.8	0.5	1%
	NRD	216	39.3	2.1	1.3	3.1%
	Total	1,278	97.7	2.9	1.7	1.7%

Note: Proposed increase in system fees is based on filing volumes for August 2023-July 2024.³

Source: SEDAR+, NRD.

3.3 CSA

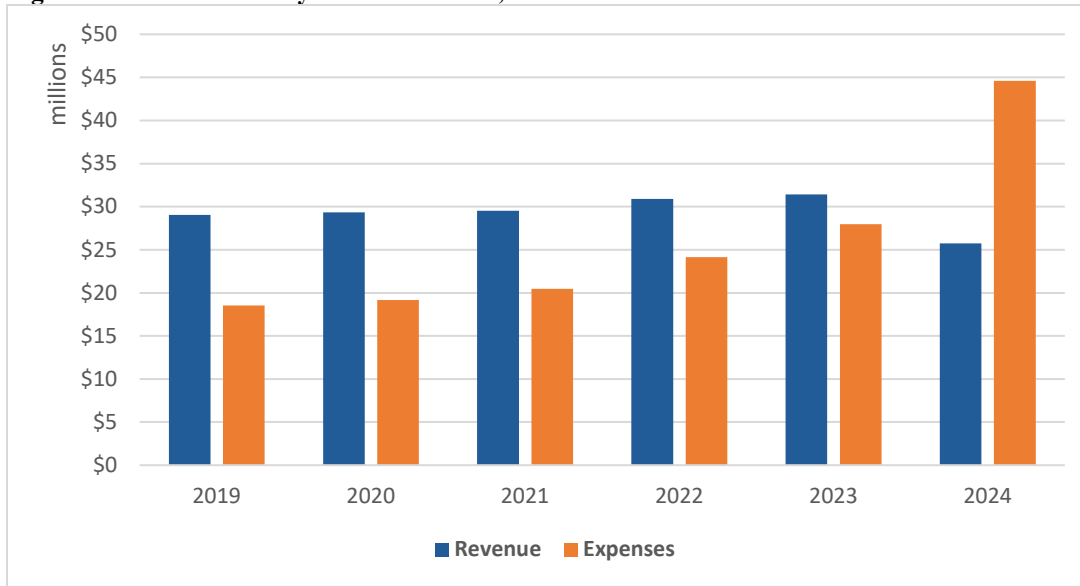
The CSA National Systems are the primary interface between regulated entities and each provincial and territorial securities regulator. The CSA National Systems are largely funded by system fees collected from market participants when filing within the SEDAR+ and NRD systems.

The system fee changes under the new structure of Regulation 13-102 introduced in 2023, combined with changes in filing pattern, reduced the annual system fee revenue by 18%. This, combined with the increase in IT costs in recent years, resulted in a deficit for the CSA National Systems in fiscal year 2024 (see Figure 2 below).

² Number of filers is based on unique SEDAR+ Profile Numbers and NRD Numbers.

³ SEDAR+ regulatory fees exclude late fees.

Figure 2: CSA National Systems Financials, FY 2019-2024



Source: CSA National Systems

4. Impact of the Draft Amendments on each of the AMF mandate components

The AMF considers the impact of proposed rulemaking on the AMF’s mandate to:

- promote efficiency in the securities market;
- protect investors against unfair, improper or fraudulent practices;
- regulate the information that must be disclosed to security holders and to the public in respect of persons engaging in the distribution of securities and in respect of the securities issued by these persons;
- define a framework for the activities of the professionals of the securities market and organizations responsible for the operation of a stock market.

As described below, the Draft Amendments will impact each of the components of the AMF’s mandate.

The CSA National Systems provide a central repository for Canadian capital markets participants and investors to submit and obtain information pertaining to regulatory compliance and disclosure. SEDAR + facilitates improved access to market participants’ information by replacing outdated and fragmented custom-built regulatory filing and disclosure systems with a centralized platform. This enhances transparency in the capital markets as investors can access pertinent issuer information on a timely basis and can allocate their funds to investments more efficiently.

5. Anticipated costs and benefits

5.1 Benefits to stakeholders

5.1.1 General Public

The CSA National Systems serve as a centralized and user-friendly source of information for the general public. The Draft Amendments will keep the CSA National Systems operational so it can continue to serve to the general public as a timely source of information about Canadian capital markets.

5.1.2 CSA

The increase in system fees is necessary to ensure sufficient funding to operate the CSA National Systems over these next 5 years. CSA members depend on the functioning of these systems to achieve their respective mandates and regulatory objectives.

5.1.3 Filers

The CSA National Systems function as a centralized system where filers make required submissions to securities regulators and pay filing fees. The flat fee design introduced in 2023 also increases administrative efficiency for filers. As system fees paid by filers are determined primarily by filing behaviour and volume of system use, the fee increases are expected to equitably impact all market participants. Therefore, larger firms are expected to incur more system fees than smaller firms due to filing volume.

5.2 Costs to stakeholders

5.2.1 General Public

There are no direct costs to the general public as the system fees are paid by filers filing within the SEDAR+ and NRD systems.

5.2.2 CSA

There are no direct costs to the CSA members as the system fees are paid by filers filing within the SEDAR+ and NRD systems.

5.2.3 Filers

We assume that filers already have policies and procedures in place governing the SEDAR+ and NRD filing processes. There are no anticipated incremental compliance costs to filers as a result of the Draft Amendments as filers will not be making changes to policies and procedures governing the filing process.

Regulatory costs to be borne by filers were estimated using the total filing volume and stakeholder filing behaviour from August 2023 to July 2024. All filers impacted (including SEDAR+ filing

and NRD registrant organizations) are expected to, altogether, incur increases in system fees of \$13 million across Canada in the first year following the Draft Amendments (see Figure 1 above).

Based on system filing fees paid from April 2023 to March 2024, 96% of SEDAR+ filers and 92% of NRD registrant filers that paid system fees will see a system fee increase of less than \$2,500 (see Figure 3 below). Furthermore, approximately 46% of SEDAR+ filers and 10% of NRD registrant filers will have a system fee increase of less than \$100.

For smaller market participants, the system fee changes do not present a barrier to entry. Investment fund managers and large financial institutions that manage several registrants with higher filing volumes will experience greater increases.

Figure 3: Distribution of proposed system fees increases for filers in Canada

Filing system	Number of filers with system fees ⁴	% of filers with system fees			
		\$0-0.1k	\$0.1-1k	\$1-2.5k	More than \$2.5k
SEDAR+	9,165	46%	39%	11%	4%
NRD	1,572	10%	73%	9%	8%

Note: Based on filing volumes from August 2023 to July 2024.
Source: SEDAR+, NRD.

6. Summary comparison of costs and benefits

We expect filers to incur an increase in system fees of \$13 million across Canada in the first year of the Draft Amendments based on volume of filings recorded from August 2023 to July 2024. This will be followed by an increase of 3% in each of the following 4 years. Although the benefits of the Draft Amendments cannot be accurately quantified, we are of the view that these benefits outweigh the costs as the continuing operation of the CSA National Systems is critical to transparency and efficiency in the Canadian capital markets.

7. Description of alternatives considered

The CSA considered maintaining the status quo and retaining the current fees set out in Regulation 13-102. This option was not feasible as there would be insufficient funding to continue operating the CSA National Systems. In fact, following the introduction of the new Regulation 13-102 in 2023, the CSA had already reduced CSA National Systems spending to the point where additional reductions would negatively impact services and the viability of the systems. Based on a thorough consideration of this option, the CSA determined the system fee increases reflected in the Draft Amendments to be necessary to cover the operating costs of the CSA National Systems over the next 5 years.

⁴ Number of filers is based on unique SEDAR+ profile and NRD numbers.