



**HROC-INTERIM FEE MODEL GUIDELINES**  
**APPLICABLE TO INVESTMENT DEALER MEMBERS AND MARKETPLACE MEMBERS**  
**EFFECTIVE JANUARY 1, 2023**

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## **INTRODUCTION**

This Interim Fee Model is applicable to Investment Dealer Members and Marketplace Members of the Corporation. The Corporation is the corporation continuing from the amalgamation effective January 1, 2023 of the Investment Industry Regulatory Organization of Canada and the Mutual Fund Dealers Association of Canada.

### **DEALER MEMBER FEE MODEL**

Applicants to become a member of ~~IIROC~~the Corporation are required to pay an Entrance Fee as part of the application process. On becoming Dealer Members, applicants pay Annual Fees for each Fiscal Year. This Dealer Member Fee Model sets out certain details of ~~IIROC's~~the Corporation's administration of fees payable where such details are not provided with the By-laws, ~~IIROC~~Rules or elsewhere (including the provisions identified in Appendix B).

#### **Entrance Fee**

1. The Entrance Fee charged to each new Dealer Member shall be \$25,000, payable as follows:
  - (a) a non-refundable amount of \$10,000 payable on acceptance of an application for membership as a Dealer Member for review by ~~IIROC~~the Corporation; and
  - (b) \$15,000 payable on approval of the application for membership as a Dealer Member by the Board.

In accordance with section 3.5(3) of the By-laws, if the application for membership as a Dealer Member is not approved by the Board within six months from the date the application was accepted for review by ~~IIROC~~the Corporation for any reason that cannot reasonably be attributed to ~~IIROC~~the Corporation or its staff, the amount paid under Subsection 1(a) above is forfeited to ~~IIROC~~the Corporation.

2. Each application for membership as a Dealer Member that is approved by the Board shall be accompanied by a payment to the Restricted Fund equal to 0.5% of the applicant's expected initial capital calculated according to ~~IIROC~~the Corporation's Form 1, payable together with the payment in Subsection 1(b).

#### **Annual Fee**

When establishing the Annual Fees payable by Dealer Members for a particular year, ~~IIROC~~the Corporation determines what its net annual costs attributable to Dealer Member regulation are expected to be for that year. Such net annual costs are equal to ~~IIROC's~~the Corporation's budgeted costs for that year less projected underwriting levies, proceeds from registration fee sharing arrangements with various securities regulatory authorities, continuing education



accreditation revenue, interest and other income. The Annual Fee payable by a DealerMember will be based on its pro-rata share of such costs as determined in accordance with the provisions set out below.

3. The Annual Fee for each Dealer Member shall be determined with reference to the following components:
  - (a) Revenue Component;
  - (b) Approved Person Fees Component; and
  - (c) Minimum Dealer Regulation Fee Component.

The Annual Fee shall be the sum of the Revenue Component calculated in accordance with Section 4 and the Approved Person Fees Component calculated in accordance with Section 5, unless such sum is less than the applicable Minimum Dealer Regulation Fee Component set out in Section 6, in which case the Annual Fee shall be the applicable Minimum Dealer Regulation Fee.

The amount of the Annual Fee calculated in accordance with the foregoing paragraph shall be reduced pursuant to Section 7 if the applicant is approved for membership by the Board at any time after April 1 in any Fiscal Year.

4. **Revenue Component.** The Revenue Component of the Annual Fee shall be an amount equal to the product of the Total Revenue of the Dealer Member for the previous calendar year as reported to HROC-the Corporation and the Revenue Rate prescribed by the Board in its discretion for the applicable Revenue Component Tier set out in Appendix A. Revenue Rates will be reviewed and adjusted annually by the Board in its discretion.
5. **Approved Person Fees Component.** The Approved Person Fees Component of the Annual Fee shall be an amount equal to the product of the number of Approved Persons of the Dealer Member as at the last day of the previous Fiscal Year and \$250.
6. **Minimum Dealer Regulation Fee Component.** If the sum of the Revenue Component and the Approved Person Fees Component of a Dealer Member is less than ~~\$22,500~~16,000, the Minimum Dealer Regulation Fee payable by that Dealer Member is ~~\$22,500~~16,000.
7. **Annual Fee for New Members.** If an applicant for membership is approved by the Board at any time:
  - (a) between April 1 and September 29, both inclusive, the Annual Fee for the balance of the Fiscal Year shall be \$15,000;
  - (b) between September 30 and December 31, both inclusive, the Annual Fee for the balance of the Fiscal Year shall be \$7,500; or



- (c) between January 1 and March 31, both inclusive, the Annual Fee for the balance of the Fiscal Year shall be \$3,750.

### Payment of Annual Fee

8. **Quarterly Payments.** The Annual Fee shall be payable in quarterly instalments by the Dealer Member in each year. Notice of the Annual Fees and amount of the first and second quarterly payments shall be mailed-communicated to each Dealer Member on or about the first business day of July~~week of April~~. The first quarterly payment shall be made by each Dealer Member by the first business day of May. Each subsequent quarterly installment will be communicated at the beginning of the quarter, and payment shall be made by the first business day of the following month. immediately upon receipt and the second quarterly payment shall be paid by each Dealer Member not later than the first business day of August. Notice of the amount of the third and fourth quarterly payments shall be mailed to each Dealer Member on or about the first business day of September and December, respectively. The third quarterly payment shall be paid in advance by each Dealer Member not later than the first business day of October and the final quarterly payment shall be paid in advance by each Dealer Member not later than the first business day of January.
9. **Payment of Annual Fee on Acquisition of Dealer Member.** Notwithstanding the foregoing, in the event that:
- (a) an applicant for membership has acquired the whole or a substantial part of the business and assets of a Dealer Member or Members in good standing whose Annual Fee for the then current Fiscal Year has been paid in full and who is or are resigning from membership concurrently with the admission of the applicant to membership; and
  - (b) at least a majority in number of the partners of the applicant, in the case of a partnership, or at least a majority in number of the directors and at least a majority in number of the officers of the applicant, in the case of a corporation, are partners, or directors and officers, as the case may be, of the resigning Dealer Member or Members;

then the applicant, if the applicable District Council Board so approves, shall be exempted from payment of the Entrance Fee and from payment of the Annual Fee for the then current Fiscal Year. In no event including the foregoing circumstances shall there be a credit or refund of Annual Fees paid to date where one Dealer Member acquires all or any part of the shares, business or assets of another Dealer Member.

### Underwriting Levies

10. **Interpretation.** In Sections 10, 11 and 12 the following terms have the following



meanings:

- (a) **“Canadian Public Offering”** means a Distribution of securities of a corporation, partnership or a trust if a prospectus or similar offering document is required to be filed with any securities regulatory authority in Canada, other than a:



- (i) Private Placement; or
  - (ii) Distribution of Government of Canada securities, Provincial Securities, Municipal Securities or Not-for-Profit securities;
- (b) **“Distribution”** means a distribution of securities in Canada by way of Canadian Public Offering or Private Placement, or a distribution of Government of Canada Securities, Provincial Securities, Municipal Securities or Not-for-Profit Securities, whether underwritten on a firm (including bought deals) or best efforts basis by the Dealer Member, as principal or agent, and as a member of the underwriting or selling groups; provided no such distribution shall be a Distribution for the purposes of this definition if the securities are:
- (i) Money market obligations with a term to maturity of one year or less, or greater than one year solely by reason of the term to maturity otherwise ending on a day that is not a business day;
  - (ii) Government of Canada, Provincial and Municipal Securities which are distributed by way of auction by or on behalf of the Government of Canada or a provincial or municipal government;
  - (iii) Rights to acquire securities issued to holders of previously distributed securities;
  - (iv) Securities, other than securities described in subsections 10 (c) to 10 (g), inclusive, in respect of which the Total Revenue to the underwriters for the offering of such securities is equal to 1% or less of the aggregate principal amount of the offering in the case of debt securities, or the maximum aggregate price at which the securities are offered in the case of any other securities;
  - (v) Debt securities in respect of which the aggregate principal amount is less than \$1,000,000;
  - (vi) Any securities (other than debt securities) in respect of which the maximum aggregate offering price is less than \$1,000,000; or
  - (vii) securities distributed in a block trade conducted on a Marketplace if no prospectus or similar offering document is filed with a securities regulatory authority in respect of the block trade;
- (c) **“Government of Canada Securities”** means securities of, or guaranteed by, the Government of Canada;



- (d) **“Municipal Securities”** means securities of, or guaranteed by, any municipal corporation in Canada;
- (e) **“Not-for-Profit Securities”** means securities of any school or school board, hospital or other not-for-profit organization;
- (f) **“Private Placement”** means a Distribution of securities of a corporation, partnership or trust if a prospectus or similar offering document is not required to be filed with any securities regulatory authority in Canada, provided that a Distribution of Government of Canada securities, Provincial Securities, Municipal Securities or Not-for-Profit Securities shall not be a private placement for the purposes of this definition;
- (g) **“Provincial Securities”** means securities of, or guaranteed by, any province or territory of Canada;
- (h) **“Levy Cap”** means, for any Distribution, an amount equal to 2.5% of the Total Revenue to a Dealer Member for its participation in that Distribution;
- (i) **“Responsible Dealer”** means the Dealer Member, if any, which is responsible on behalf of more than one Dealer Member for the bookkeeping and accounting in a Distribution;
- (j) **“Security”** means any property that is a “security” for the purposes of any securities legislation in Canada, and shall include, without limitation, warrants, debt-like derivatives, structured notes and asset-backed instruments, provided that the Board may from time to time determine whether any particular property is to be included or excluded from such definition, which determination shall be final and conclusive; and
- (k) **“Total Revenue”** means, in respect of an offering, the aggregate of:
  - (i) any commission paid to the Dealer Member; and
  - (ii) any fee paid to the Dealer Member.

11. **Levy.** Each Dealer Member shall pay to ~~HRFC~~ the Corporation a levy as follows with respect to its proportionate participation in any Distribution:

- (a) For a Canadian Public Offering, in the case of debt securities, 1/100th of 1% of the aggregate principal amount of the offering or, in any other case 1/100th of 1% of the maximum aggregate price at which the securities are offered;





- (b) For a Private Placement, in the case of debt securities, 1/200th of 1% of the aggregate principal amount of the offering or, in any other case, 1/200th of 1% of the maximum aggregate price at which the securities are offered;
- (c) For a Distribution of Government of Canada securities, 1/300th of 1% of the aggregate principal amount of the offering;
- (d) For a Distribution of Provincial Securities, in the case of debt securities, 1/200th of 1% of the aggregate principal amount of the offering or, in any other case, 1/200th of 1% of the maximum aggregate price at which the securities are offered;
- (e) For a Distribution of Municipal Securities, in the case of debt securities, 1/300th of 1% of the aggregate principal amount of the offering or, in any other case, 1/300th of 1% of the maximum aggregate price at which the securities are offered; and
- (f) For a Distribution of Not-for-Profit Securities, in the case of debt securities, 1/200th of 1% of the aggregate principal amount of the offering or, in any other case, 1/200th of 1% of the maximum aggregate price at which the securities are offered,

provided that the amount of the levy payable by a Dealer Member for a Distribution shall not exceed an amount equal to the Levy Cap for that Dealer Member for that Distribution.

Each levy shall be calculated in Canadian dollars or in the Canadian dollar equivalent of the currency of the Distribution as of the date on which the first closing of the transaction occurs. If the levy for an offering may be calculated according to more than one of paragraphs (a) to (f) above, the levy shall be calculated according to the paragraph which provides the highest levy.

All Distributions are deemed to take place entirely in Canada unless the Dealer Member provides evidence, acceptable to ~~HRGC~~ the Corporation in its sole discretion, of the number of securities offered outside Canada, in which case the levy will be calculated on the securities distributed in Canada.

12. **Responsible Dealers.** Each Dealer Member or, if there is a Responsible Dealer in respect of a Distribution involving more than one Dealer Member, the Responsible Dealer shall:

- (a) Complete a new levy form for submission with payment;
- (b) Provide details of the Total Revenue for each Dealer Member, supported by third-party sources such as the Underwriting/Agency Agreement, Financial Post or SEDAR; if such details are not provided, the Levy Cap will not apply;
- (c) Calculate the amount of the levy to be paid by each Dealer Member in respect of



the Distribution;

- (d) Pay and, in the case of a Responsible Dealer, collect from the other Dealer Members and remit to ~~HRQC~~ the Corporation the amount of the levy within sixty (60) days of the date on which the first closing of the transaction occurs; and
- (e) Deliver to ~~HRQC~~ the Corporation on or before the time of payment of the levy pursuant to paragraph (d) copies of any and all forms, notices and calculations relating to the size or amount of the Distribution as are required to be filed with any securities regulatory authority or stock exchange in Canada in respect of the Distribution.

If there are two or more Responsible Dealers who have substantially equal obligations in respect of a Distribution, they shall each be responsible on a proportional basis for the collection and remission of the applicable levy; provided that if one of such Responsible Dealers is not a Dealer Member, the Responsible Dealer(s) which are Dealer Members shall collect and remit the levy on behalf of all Dealer Members.

If there is no Responsible Dealer in respect of a Distribution, or if the Responsible Dealer is not a Dealer Member, each Dealer Member shall complete a new levy form and remit its proportion of the levy.

13. ***Discretion of the Board.*** The Board may in its discretion impose the levy on an amount which is less than, in the case of debt securities, the aggregate principal amount of the offering and, in any other case, the maximum aggregate price at which the securities are offered and make any other variations in connection with the imposition of the levy as it deems necessary or desirable.

### **General**

14. ***Assessment.*** Notwithstanding Sections 3 to 6, inclusive, the Board shall have power to make an assessment in any Fiscal Year upon each Dealer Member not to exceed 50% of the Annual Fee payable in such year by such Dealer Member. Each Dealer Member shall pay the amount so assessed upon it within thirty (30) days after receiving written notification thereof from the Secretary.

15. ***Late Effect of Non-Payment of Annual Fees.***

- (a) If the Annual Fee payable by a Dealer Member has not been paid:
  - (i) in the case of the first quarterly payment, by the ~~tenth~~ first business day of ~~July~~ June;
  - (ii) in the case of the second quarterly payment, by the first business day of September;



- (iii) in the case of the third quarterly payment, by the first business day of ~~November~~December; or
  - (iv) in the case of the fourth quarterly payment, by the first business day of ~~February~~March in any year, or
- (b) if the amount assessed upon any Dealer Member pursuant to Section 14 or Section 16 has not been paid within thirty (30) days after the date specified in Dealer Member has received the written notification thereof from the Secretary, the Secretary shall, by registered mail, request the Dealer Member to pay the same and draw the Dealer Member's attention to the provisions of this Section 15. If the entire amount owing by the Dealer Member has not been paid within thirty (30) days from the date the Secretary has mailed the request, the Secretary shall notify the Board to this effect and the Board may, in its discretion, terminate the membership of the Dealer Member in default. If the Board decides to terminate the membership of a Dealer Member pursuant to the provisions of this Section 15, the Secretary will be requested to notify the Dealer Member, by registered mail, of the decision of the Board. A former Dealer Member whose membership has been terminated pursuant to the provisions of this Section 15 shall cease to be entitled to exercise any of the rights and privileges of membership but shall remain liable to ~~HROC~~the Corporation for all amounts due to ~~HROC~~the Corporation from the former Dealer Member.
16. ***Extraordinary Costs and Expenses.*** The extraordinary costs and expenses of ~~HROC~~the Corporation incurred in connection with, but not limited to, items such as (i) the review and/or approval of a novel or unusual application for membership as a Dealer Member, (ii) the review and/or approval of any reorganization, take over or other substantial change in the business, structure or affairs of a Dealer Member, (iii) travel and accommodation outside Canada for staff to conduct compliance exams for a Dealer Member, or (iv) costs associated with compliance site visits conducted by staff for applicants as Dealer Members, may be assessed to the Dealer Member at the discretion of the Board.
17. ***Additional Fees Payable by Dealer Members.*** The foregoing Dealer Member Fee Model is not an exhaustive list of the fees payable by Dealer Members. Additional fees that are payable by Dealer Members in certain circumstances are contained in the ~~HROC~~Corporation Rules and in the By-laws. Appendix B contains a summary of where these additional fees may be found and the nature of such fees. The summary is intended to be a guide only and is not a full reproduction of the applicable ~~HROC~~Corporation Rules and/or By-laws. Reference should be made to the full text of the ~~HROC~~Corporation Rules and the By-laws.



## EQUITY MARKET REGULATION FEE MODEL

The Equity Market Regulation Fee Model is applicable to Marketplaces that trade equity securities. Applicants for acceptance as Marketplace Members that are alternative trading systems are required to pay Entrance Fees for their Dealer Member application in addition to the Regulation Services Agreement Fee and an Information Technology Fee, which must be paid by all applicants for acceptance as Marketplace Members. On becoming Marketplace Members, Marketplace-Specific Costs may be payable in certain circumstances. Monthly Equity Market Regulation Fees consisting of Message Processing Fees and Trade Fees (subject to a Minimum Market Regulation Fee) are allocated to Marketplaces and are payable by Dealer Members participating in those Marketplaces. Administration Fees are allocated to Marketplace Members and Dealer Members.

### Entrance and Set-Up Fees

18. **Dealer Member Application Fees.** For alternative trading systems, the process for acceptance as a Marketplace Member is concurrent with that to become a Dealer Member. The Entrance Fee described in Section 1 is payable by such applicants at the time an application is made.
19. **Regulation Services Agreement Fee.**
  - (a) The minimum fee for the drafting and negotiation of a Regulation Services Agreement between ~~HROC~~the Corporation and an applicant as a Marketplace Member is \$25,000 and is payable at the time of application.
  - (b) If time cost spent by ~~HROC~~the Corporation staff on the drafting and negotiation of the Regulation Services Agreement is greater than \$25,000, the difference will be invoiced by ~~HROC~~the Corporation and is payable by the Marketplace Member prior to the Marketplace commencing operations as a Marketplace Member.
  - (c) ~~HROC~~The Corporation may, in its discretion, charge the fees indicated in paragraphs (a) and (b) above in connection with the drafting and negotiation of a revised or amended Regulation Services Agreement in circumstances where there has been a material change in the activities of a Marketplace Member.
20. **Information Technology Fee.** The Information Technology Fee charged to each applicant as a Marketplace Member is \$66,500 payable as follows:
  - (a) a non-refundable deposit of \$10,000 payable at the time of application for membership as a Marketplace Member; and



- (b) the balance of \$56,500 payable when the applicant is authorized to proceed with the testing and development of Surveillance— System functionality for the marketplace.

If time cost spent by ~~the #ROC Corporation's~~ staff on the connectivity and testing process for the marketplace is greater than \$66,500, the difference will be invoiced by ~~#ROC~~ the Corporation and is payable by the Marketplace Member upon launch of the marketplace.

All costs of information technology development, including any third-party costs, for a new marketplace are borne by the Marketplace Member.

- 21. **Marketplace-Specific Costs.** Each Marketplace Member will pay to ~~#ROC~~ the Corporation (i) incremental costs incurred by ~~#ROC~~ the Corporation to perform additional work to monitor a Marketplace as a result of unique marketplace features, and (ii) incremental costs incurred by ~~the Corporation~~ #ROC as a result of a Marketplace's failure to meet a ~~a Corporation~~ #ROC regulatory feed standard, testing window or project deadline, including, without limitation, modifications to ~~the Corporation~~ #ROC's systems, additional staffing or remedial work. Marketplace-Specific Costs will be determined with respect to each Marketplace Member on a monthly basis and shall be invoiced in accordance with Subsection 26(b).

### **Monthly Equity Market Regulation Fees**

When determining the Monthly Equity Market Regulation Fees allocated to a Marketplace Member for a particular month, ~~the Corporation~~ #ROC first determines its total market regulation costs and then deducts the timely disclosure fees, interest and other income received by ~~the Corporation~~ #ROC. The net costs are then allocated to each Marketplace Member on a pro-rata basis and are paid by that Marketplace's participating organizations, members or subscribers, as the case may be, that are Dealer Members as identified by the Marketplace. The allocation is based on the number of messages sent and trades executed by each Dealer Member on each Marketplace, all in accordance with the provisions set out below.

### 22. **Message Processing Fee.**

- (a) Each Marketplace shall be allocated a fee based on the Marketplace's share of the total number of messages processed by ~~#ROC's~~ the Corporation's surveillance system during a particular month. The Message Processing Fee is determined with reference to the total information technology costs of the surveillance system.
- (b) The Message Processing Fee shall be paid by Dealer Members based on each Dealer Member's pro-rata share of the messages sent through each Marketplace. The total Message Processing Fee and the applicable unit cost per message shall be disclosed in the monthly invoice delivered to Dealer Members in accordance with Subsection 26(a).



23. **Trade Fee.**

- (a) Each Marketplace shall be allocated a fee based on a particular Marketplace's share of the total number of trades completed during a particular month. The Trade Fee is determined with reference to the net market regulation costs after deduction of the information technology costs of the surveillance system.
- (b) The Trade Fee shall be paid by Dealer Members based on each Dealer Member's pro-rata share of the trades made through each Marketplace. The total Trade Fee shall be specified in the monthly invoice delivered to Dealer Members in accordance with Subsection 26(a).
- (c) The number of trades executed by a Qualified Market Maker acting in furtherance of its marketplace trading obligations on the listing exchange shall be discounted by 70% for the purposes of calculating the Trade Fee for such Marketplace. The number of trades on the other side of any trade involving a market maker in its stock of responsibility will be included in the calculation of the overall total number of trades. For clarity, the discount will not be applied to trades for securities that are not listed on the listing exchange that has entered into the trading obligations agreement with the Qualified Market Maker.

24. **Minimum Equity Market Regulation Fee.**

- (a) If the aggregate of the Message Processing Fee and the Trade Fee allocated to a Marketplace Member is less than \$4,800 in a particular month, such Marketplace Member shall be allocated the Minimum Equity Market Regulation Fee of \$4,800, consisting of \$1,200 allocated to messages and \$3,600 allocated to trades.
- (b) If applicable, the Minimum Equity Market Regulation Fee shall be paid by Dealer Members based on each Dealer Member's pro-rata share of the messages sent and the trades made through a Marketplace subject to the Minimum Equity Market Regulation Fee. The portion of the Minimum Equity Market Regulation Fee, if any, payable by a Dealer Member shall be specified in the monthly invoice delivered to the Dealer Member in accordance with Subsection 26(a). If a Marketplace Member chooses to pay the difference between the Minimum Equity Market Regulation Fee and the aggregate of the Message Processing Fee and the Trade Fee allocated to the Marketplace Member then Dealer Members shall only be responsible for paying the latter.
- (c) If there are no messages processed or trades completed during a particular month, the Marketplace Member shall be required to pay the Minimum Equity Market Regulation Fee directly.



25. **Administration Fee.**

- (a) A fee of \$400 shall be charged to each Dealer Member and invoiced in accordance with Subsection 26(a) each month for the provision of detailed billing information or other information related to market regulation fees requested by the Dealer Member.
- (b) An Administration Fee of \$500 shall be charged to each Marketplace Member and invoiced in accordance with Subsection 26(b) each month for the administration of the invoicing of the fees described in this Equity Market Regulation Fee Model to Dealer Members on behalf of the Marketplace Member.

**Payment of Monthly Equity Market Regulation Fees**

26. **Monthly Invoices.**

- (a) Dealer Members: Dealer Members shall be invoiced on a monthly basis in arrears within the first ten (10) days of any month for the aggregate of the Message Processing Fee and the Trade Fee, or the Minimum Equity Market Regulation Fee, as applicable, and the Administration Fee charged to Dealer Members. Such invoices are due and payable immediately upon receipt.
- (b) Marketplace Members: Marketplace Members shall be invoiced on a monthly basis in arrears within the first ten (10) days of any month for the aggregate of any Marketplace-Specific costs incurred during a particular month as contemplated in Section 21, the Administration Fee charged to Marketplace Members and any amount invoiced to a Marketplace Member under Subsection 24(b).
- ~~(c) For the initial months of the fiscal year, Dealer Members will be charged based on HROC's previous year's budget. Once the budget and fees are finalized for the year, monthly invoices will be adjusted prospectively to reflect the budget of the remaining months of the year.~~

**DEBT MARKET REGULATION FEE MODEL**

**Monthly Debt Market Regulation Fees**

When determining the Monthly Debt Market Regulation Fees allocated to a Dealer Member for a particular month, ~~HROC~~ the Corporation first determines its total debt market regulation costs. These costs are then allocated to each Dealer Member on a pro-rata basis and are paid by those Dealer Members as identified based on the number of Non-Repo Debt Transactions and Repo Debt Transactions submitted by each Dealer Member, all in accordance with the provisions set out below.



27. **Non-Repo Debt Transaction Fee.**

- (a) Each Dealer Member shall be allocated a fee, based on their pro-rata share of the total number of Non-Repo Debt Transactions received and processed by ~~HROC's~~ the Corporation's debt surveillance system during a particular month. The total Non-Repo Debt Transaction Fee and the applicable unit cost per transaction shall be disclosed in the monthly invoice delivered to Dealer Members in accordance with Section 29.

28. **Repo Debt Transaction Fee.**

- (a) Each Dealer Member shall be allocated a fee, based on their pro-rata share of the total number of Repo Debt Transactions received and processed by ~~HROC's~~ the Corporation's debt surveillance system during a particular month. The total Repo Debt Transaction Fee and the applicable unit cost per transaction shall be disclosed in the monthly invoice delivered to Dealer Members in accordance with Section 29.
- (b) The Repo Debt Transaction Fee will be reduced by cost recoveries received from the Bank of Canada.

**Payment of Monthly Debt Market Regulation Fees**

29. **Monthly Invoices.** Dealer Members shall be invoiced on a monthly basis in arrears within the first ten (10) days of any month for the aggregate of the Non-Repo Debt Transaction Fee and the Repo Debt Transaction Fee, as applicable. Such invoices are due and payable immediately upon receipt.

**Late Filing Fee**

30. **Late Filing Fee.** Dealer Members may be charged a late filing fee, which will be based on the additional effort required by ~~HROC~~ the Corporation to input the late data, make corrections and perform appropriate surveillance.

**DEBT INFORMATION PROCESSOR FEE MODEL**

**Monthly Debt Information Processor Fees**

When determining the Monthly Debt Information Processor Fees allocated to a Dealer Member for a particular month, ~~HROC~~ the Corporation first determines its total debt information processor costs. These costs are then allocated to each Dealer Member on a pro-rata basis and are paid by those Dealer Members as identified based on the number of Debt Transactions submitted by each Dealer Member, all in accordance with the provisions set out below.





31. **Debt Transaction Fee.** Each Dealer Member shall be allocated a fee, based on their pro-rata share of the total number of Debt Transactions received and processed by [the Corporation](#)’s debt information processor system during a particular month. The total Debt Transaction Fee and the applicable unit cost per transaction shall be disclosed in the monthly invoice delivered to Dealer Members in accordance with Section 32.

#### **Payment of Monthly Debt Information Processor Fees**

32. **Monthly Invoices.** Dealer Members shall be invoiced on a monthly basis in arrears within the first ten (10) days of any month for the Debt Information Processor Fees. Such invoices are due and payable immediately upon receipt.

### **GENERAL PROVISIONS**

The provisions set out below are of general application to these Fee Model Guidelines.

33. **Interest.** Any amount due and owing to [the Corporation](#) pursuant to these Fee Model Guidelines by a Dealer Member shall bear interest at a rate per annum, for any month, of one percent above the Canadian Chartered Bank prime lending rate at the end of each preceding month (calculated daily on the basis of a 365-day year, and payable and compounded monthly) from the date the amount is first due until paid, with interest on arrears calculated and payable in the same manner.
34. **Change in Fees.** Any fees specified in these Fee Model Guidelines may be changed on not less than sixty (60) days’ notice from [the Corporation](#).
35. **Applicable Taxes.** Any fees specified in these Fee Model Guidelines shall require the payment of any taxes applicable to such fees in addition to the specified amounts.

### **INTERPRETATION**

The capitalized terms used in these Fee Model Guidelines have the meanings given to such terms in the [Corporation](#) Rules and By-laws, unless otherwise defined in these Fee Model Guidelines. The following terms have the following meanings:

“**Administration Fee**” means the administration fees payable by Dealer Members and Marketplace Members in accordance with Section 25.

“**Annual Fee**” means the annual fee payable by Dealer Members determined with reference to the components set out in Section 3 and calculated in accordance with the provisions of these Fee Model Guidelines.



**“Approved Person”** means an individual in respect of a Dealer Member who is required to be approved by ~~HROC~~the Corporation in one or more of its approval or registration categories in accordance with the ~~HROC~~Corporation Rules. For purposes of this Interim Fee Model, “Approved Person” shall exclude an individual that is a Registered Representative dealing in mutual funds only who is an employee of a firm registered as both an investment dealer and a mutual fund dealer.

**“Approved Person Fees Component”** means the levy payable by each Dealer Member determined in accordance with Section 5.

**“BCC”** means the Business Conduct Compliance department of ~~HROC~~the Corporation.

**“Corporation Rule”** means that set out in the Corporation Investment Dealer and Partially Consolidated Rules.

**“Dealer Member”** has the same meaning as set out in General By-law No. 1, section 1.1, except, for the purposes of this Interim Fee Model, Mutual Fund Dealer Members are to be excluded.

**“Debt Transactions”** means, for the purpose of the Monthly Debt Information Processor Fees, the aggregate of Repo Debt Transactions and Non-Repo Debt Transactions submitted by a Dealer Member.

**“Entrance Fee”** means the initial fee payable by an applicant for membership in ~~HROC~~the Corporation as a Dealer Member as specified in Section 1.

**“FINOPS”** means the Financial and Operations Compliance department of ~~HROC~~the Corporation.

**“Fiscal Year”** means the fiscal year of ~~HROC~~the Corporation ending on the last day of March in each year.

**“Information Technology Fee”** means the fee payable by an applicant as a Marketplace Member in accordance with Section 20.

**“Marketplace-Specific Costs”** means the incremental costs payable by a Marketplace Member in accordance with Section 21.

**“Message Processing Fee”** means the fee allocated to a Marketplace each month determined in accordance with Section 22.

**“Minimum Dealer Regulation Fee Component”** means the minimum fee payable by a Dealer Member in each Fiscal Year determined in accordance with Section 6.

**“Minimum Equity Market Regulation Fee”** means the minimum fee allocated to a Marketplace Member in each month determined in accordance with Section 24.



“**Monthly Debt Information Processor Fees**” means the monthly fees allocated to Dealer Members in accordance with Section 31.

“**Monthly Debt Market Regulation Fees**” means the monthly fees allocated to Dealer Members in accordance with Sections 27 to 28, inclusive.

“**Monthly Equity Market Regulation Fees**” means the monthly fees allocated to Marketplace Members in accordance with Sections 22 to 25, inclusive.

“**Non-Repo Debt Transaction Fee**” means the fee allocated to a Dealer Member each month determined in accordance with Section 27.

“**Non-Repo Debt Transactions**” means transactions in a Debt Security that are subject to reporting requirements under ~~HRGC~~the Corporation Rule 7200: Transaction Reporting for Debt Securities except Repo Debt Transactions, in relation to that portion of the monthly fees allocated to Dealer Members in accordance with Section 27.

“**Qualified Market Maker**” means a person or company that has an obligation with a listing exchange to:

- Maintain a two-sided market for a particular security listed on the listing exchange on a continuous or reasonably continuous basis, and
- Report suspicious order and/or trade activity to ~~HRGC~~the Corporation.

Provided the listing exchange has adequate policies and procedures to reasonably ensure continued satisfactory performance of these requirements.

“**Regulation Services Agreement Fee**” means the fee payable by a Marketplace Member for the negotiation of a Regulation Services Agreement in accordance with Section 19.

“**Repo Debt Transaction Fee**” means the fee allocated to a Dealer Member each month determined in accordance with Section 28.

“**Repo Debt Transactions**” means transactions that involve the simultaneous sale and future repurchase, or simultaneous purchase and future sale (“Reverse Repo”), of any Debt Securities, including transactions arranged as buy/sell-backs and sell/buy-backs, as prescribed in ~~HRGC~~the Corporation -Rule- 7200: Transaction Reporting for Debt Securities, in relation to that portion monthly fees allocated to Dealer Members in accordance with Section 28.

“**Restricted Fund**” means ~~fine and settlement monies~~monetary sanctions received by ~~HRGC~~the Corporation.

“**Revenue Component**” means the portion of the Annual Fee determined in accordance with Section 4.



“**Revenue Component Tier**” means the tiers of revenue set out in Appendix A used to calculate the Revenue Component.

“**Revenue Rate**” means the rate prescribed annually by the Board for a particular Revenue Component Tier set out in Appendix A.

“**Total Revenue**” means the amount reported as “Total Revenue” in ~~HROC~~the Monthly Financial Report Form 1, Statement E, as adjusted for ~~HROC~~-approved items that are not in the normal course of business. For purposes of this Interim Fee Model, where a member firm is registered as both an investment dealer and a mutual fund dealer, “Total Revenue” shall exclude revenue generated by the mutual fund business division and/or revenue generated from an Approved Person that is a Registered Representative dealing in mutual funds only.

“**Trade Fee**” means the fee allocated to a Marketplace each month determined in accordance with Section 23.



**APPENDIX A  
REVENUE COMPONENT TIERS**

<b>Tier</b>	<b>Revenues for the Previous Calendar Year</b>
Tier 1.....	Under \$500,000
Tier 2.....	\$500,000 to under \$1 million
Tier 3.....	\$1 million to under \$3 million
Tier 4.....	\$3 million to under \$5 million
Tier 5.....	\$5 million to under \$10 million
Tier 6.....	\$10 million to under \$25 million
Tier 7.....	\$25 million to under \$50 million
Tier 8.....	\$50 million to under \$100 million
Tier 9.....	\$100 million to under \$200 million
Tier 10 .....	\$200 million to under \$500 million
Tier 11 .....	\$500 million to under \$1 billion
Tier 12 .....	\$1 billion and over

The rate prescribed to each tier will be provided to the Dealer Member through the Fee Letter.



## APPENDIX B: ADDITIONAL FEES PAYABLE BY DEALER MEMBERS

### PART 1 – HRQC CORPORATION RULES AND BY-LAWS

The following summary is intended to be a guide only and is not a full reproduction of the applicable HRQC Corporation Rules and By-Laws. Reference should be made to the full text of the HRQC Corporation Rules and the By-laws.

#### HRQC Corporation Rules

Rule 2117(3)	Fee payable for approval or exemption required by Rule 2100.
Rule 2224(1)(i)	Responsibility for fees on amalgamation of two or more Dealer Members.
Rule 2227	Payment of Annual Membership fees by resigning, suspended, terminated or surrendering Dealer Member.
Rule 2505(5)	Fee payable for failure to have a qualified Chief Financial Officer (CFO) within 90 days of the cessation date of the previous CFO, or other <u>HRQC Corporation</u> specified dates.
Rule 2506(6)	Fee payable for failure to have a qualified Chief Compliance Officer (CCO) within 90 days of the cessation date of previous CCO, or other <u>HRQC Corporation</u> specified dates.
Rule 2552(5)	Fees payable for the failure of the Dealer Member to file within 10 business days after the end month a report specified by <u>HRQC-the Corporation</u> on the — conditions imposed on an Approved person under Rules 8200 or 9200.
Rule 2626(3)	Fees payable for exemption from the requirement to write or rewrite any required course, whole or in part, as per Rule 2600.
Rule 2755(1)	Penalties imposed for the failure of a continuing education participant to complete the continuing education requirements within a continuing education program cycle.
Rule 2803(1)(i)	Payment of National Registration Database (NRD) enrolment fee.
Rule 2806(1)	Annual NRD system fee set by <u>HRQC-the Corporation</u> payable to the securities regulatory authority in the local jurisdiction.
Rule 2806(2)(i)	Fees payable for making any NRD submission under section 2803.



Rule 2806(2)(ii)	Fees payable for the failure of the Dealer member to file any notification within the time specified.
Rule 2806(3)	Exemption request fees payable for making an application for proficiency exemption of an Approved Person or -applicant for approval of pursuant to <del>HROC's</del> Rule 2600.
Rule 3704	Administrative fee or other penalties imposed by <u>the Corporation</u> <del>HROC</del> for failure to meet reporting requirements under Rules 3702 and 3703.
Rule 4133(1)	<u>The Corporation</u> <del>HROC</del> may require a Dealer Member to pay reasonable costs and expenses incurred to administer the Dealer Member's early warning situation under Rule 4100.
Rule 4153	Fees payable for the failure of Dealer Member to file any document or information required under Part C of Rule 4100 despite grant of an extension to file such information by <u>the Corporation</u> <del>HROC</del> .

#### By-Laws

Section 3.5(1)	In the case of Dealer Members, an application for membership shall be accompanied by such fees as <del>HROC and the applicable District-Council</del> <u>the Corporation</u> may require.
Section 3.5(3)	An application for membership shall be accompanied by a non-refundable application review deposit in an amount to be determined by the Board, to be credited towards the annual fee paid by the Member in the event that the application is approved by the Board.
Section 3.5( <del>12</del> )(b)	If and when the application has been approved by the Board, and upon payment of the balance of the entrance and annual fees, the applicant shall become and be a Dealer Member.
Section 3.7	If two or more Members propose to amalgamate and continue as one Member, the continuing Member must comply with the payment of Member fees, if applicable.
Section 3.8	A Dealer Member resigning from <del>HROC</del> <u>the Corporation</u> shall make full payment of its annual fee, if applicable, for the financial year in which its resignation becomes effective.



## PART 2 – FEES RELATED TO REGISTRATION MATTERS

The following summary is intended to be a guide only and is not a full reproduction of the applicable registration-related fees collected by [the Corporation](#) pursuant to delegation orders from the noted securities regulatory authorities. Reference should be made to the applicable instruments of the Canadian Securities Administrators (CSA).

Fee Type	Collection Details	Authority
Initial firm registration fees	<del>HR06</del> <a href="#">The Corporation</a> collects a portion of the CSA fee in New Brunswick and Saskatchewan.	Delegation Orders / Revenue Sharing Agreements
Opening of a business location	<a href="#">The Corporation</a> <del>HR06</del> collects a portion of the CSA fee in New Brunswick and Saskatchewan.	Delegation Orders / Revenue Sharing Agreements
Annual fees pertaining to firms, individuals and business locations	<a href="#">The Corporation</a> <del>HR06</del> collects a portion of the CSA fee in New Brunswick and Saskatchewan.	Delegation Orders / Revenue Sharing Agreements
Initial, reactivation, additional jurisdiction, additional sponsoring firms submissions	<a href="#">The Corporation</a> <del>HR06</del> collects the CSA fee in Ontario and a portion of such fee in New Brunswick and Saskatchewan.  <a href="#">The Corporation</a> <del>HR06</del> charges a fee in Manitoba, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Prince Edward Island, Quebec and Yukon.	Delegation Orders / Revenue Sharing Agreements  <del>HR06</del> <a href="#">Rule 2806(2)</a>
Reinstatements	<a href="#">The Corporation</a> <del>HR06</del> collects a portion of the CSA fee in New Brunswick and Saskatchewan.  <a href="#">The Corporation</a> <del>HR06</del> charges a fee in Manitoba, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Prince Edward Island, Quebec and Yukon.	Delegation Orders / Revenue Sharing Agreements  <del>HR06</del> <a href="#">Rule 2806(2)</a>





Fee Type	Collection Details	Authority
Change or surrender of individual categories	<p><u>The Corporation</u> <del>HROC</del> collects a CSA fee in Ontario and a portion of such fee in New Brunswick and Saskatchewan.</p> <p><u>The Corporation</u> <del>HROC</del> charges a fee in Manitoba, Newfoundland and Labrador, Nova Scotia, Northwest Territories, Nunavut, Prince Edward Island, Quebec and Yukon.</p>	<p>Delegation Orders / Revenue Sharing Agreements</p> <p><del>HROC</del> Rule 2806(2)</p>
Notice of Termination	<p><u>The Corporation</u> <del>HROC</del> charges a fee in Quebec.</p>	<p>Recognition Order / Assumed fee from the Bourse</p>
File copies	<p><u>The Corporation</u> <del>HROC</del> charges a fee for providing an individual with a copy of their registration file.</p>	<p>Administrative practice</p>

Currently (as of Fiscal Year 20213), the Corporation ~~HROC~~ receives Registrations fees from Alberta on the basis of direct operating costs for Registration activities.





