

BC Notice 2024/01

Fee Changes

Introduction

The British Columbia Securities Commission (BCSC or we) has received all required government approvals to make fee-related amendments to the *Securities Regulation* B.C. Reg. 196/97 (the fee amendments). These fee amendments came into effect on April 8, 2024. The text of the fee amendments is in Annex A and the amendments are summarized in the table below.

Background

The BCSC is the independent government agency responsible for securities regulation in BC. The BCSC's mission is to protect and promote the public interest by fostering:

- a securities market that is fair and warrants public confidence
- a dynamic and competitive securities industry that provides investment opportunities and access to capital

The capital markets are very significant to BC investors and the BC economy. BC investors' direct and indirect investments in securities exceed \$630 billion. Companies and investment funds raised more than \$130 billion in BC's public and private markets in 2022. The BCSC regulates about 45% of Canada's publicly listed companies, and those companies have an aggregate market capitalization of almost \$300 billion. BC also has over 200 registered investment firms and over 17,300 registered investment advisors.

The BCSC is not funded by government or through taxes. The BCSC's operations are funded entirely from fees paid by securities market participants. We aim to deliver effective regulation of BC's investment market at costs that do not create financial barriers for market participants.

In designing the fee amendments, we considered the revenue that is necessary to fund BCSC operations to continue to respond to the increasing complexity and pace of change in the market, taking into consideration:

- market participants' ability to pay
- the ease of determining a fee payable
- the fee regimes in Alberta, Ontario, and Quebec

The fee amendments will increase BCSC revenues by approximately \$4.6M in the fiscal year ended March 31, 2025. Despite this increase in revenue, the BCSC has budgeted an operating deficit of \$10.7M for fiscal year 2025, and projects deficits of \$12.0M and \$13.2M in fiscal years 2026 and 2027 respectively. These deficits will reduce the BCSC's accumulated surplus.

Key amendments

1. *Exchange traded funds and at-the-market distributions*

The fee amendments address the challenge that exchange-traded fund issuers, and issuers that distribute securities in an at-the market distribution conducted on an exchange, cannot always readily determine when an initial distribution of their securities is occurring in British Columbia, or the related regulatory fee.

To ensure these market participants are able to accurately calculate the fees they must pay, the fee amendments specify the basis on which they calculate the dollar value of securities they distributed in BC so that it is a percentage of the issuer's total distribution in Canada on a Canadian exchange. This

approach reflects the approximate proportion of the Canadian population that is resident in BC. ¹

Transition

The updated fee will apply at the time the exchange-traded fund or issuer conducting an at-the-market distribution is required to pay a proceeds of distribution fee. This means that any fee required to be paid beginning on April 8 2024, will need to be calculated in accordance with Item 10.1 of section 22 of the Securities Regulation, even if some or all of the distributions happened before April 8, 2024.

2. Derivatives amendments

Following the global financial crisis, G20 nations decided to regulate over-the-counter derivatives market participants. In Canada, requirements now apply to trade repositories and certain market participants. These requirements relate to derivatives trade reporting, clearing, margin, registration and business conduct. Counterparties with a connection to BC that must report derivatives data under MI 96-101 *Trade Repositories and Derivatives Data Reporting* have in excess of \$1 trillion dollars of outstanding notional exposure under derivatives.

The fee amendments related to derivatives reflect the need to fund BCSC oversight of this market and the more than 120 market participants that are in the business of trading derivatives in BC.

Transition

Under section 24.1 of the *Securities Regulation*, the applicable derivatives-related fee is payable by a reporting counterparty by January 31 in each calendar year. The first payment of this fee will be due by January 31, 2025, and under section 24.2 of the *Securities Regulation*, will be calculated based on the average notional amount of the counterparty's outstanding derivatives positions, calculated on a quarterly basis, for the 2024 calendar year.

3. Fee for filing an exempt distribution report

The updated fee in Item 16(1)(c) clarifies that a fee is required for any Form 45-106F1 Report of Exempt Distribution filed because of a requirement in the Act, a local rule, a national or multilateral instrument, the Securities Regulation or the Securities Rules. It also clarifies that the fee is payable on the gross proceeds of the distribution.

4. Application-related fee reductions

The fee amendments will reduce application fees in some circumstances to provide for a fairer outcome for applicants in these circumstances. The most notable reductions are for:

- applications for a partial revocation of a cease trade order made under section 164 of the Act for failing to file that has been in effect for more than 90 days (reduced to \$1000)
- applications to surrender registration as a firm or individual that sells or advises on securities (no fee)
- applications for waivers from the requirement to file a final prospectus within 90 days of receipt of a related preliminary prospectus (reduced to \$1000)

5. Fee reductions for recognized entities and alternative trading systems (ATSS) in their first year of operations

The fee amendments reduce annual fees for recognized entities and ATSS for the calendar year in which they are recognized or begin operating as an ATS. These entities pay significant fees for applying to be recognized or to begin operating. The fee reduction reflects that the BCSC does not have to engage in oversight activities for their full calendar year of operations when they are recognized or commence operating part way through a calendar year.

¹ [Statistics Canada, Census Profile, 2021 and 2016 Census of Population](#) comparing BC to Canada reflects the following:

2021 – BC population 5,000,879 – Canadian population 36,001,981 – BC population is 13.5% of Canada's total population.

2016 – BC population 4,648,055 – Canadian population 35,151,718 – BC population is 13.2% of Canada's total population

Summary of all fee amendments²

Item or section	Description of current fee	Current fee amount	Description of new or revised fee	New or revised fee amount
Item 10	Proceeds fee for filing a prospectus	.025% or in the case of a money market fund, .01%, of the proceeds realized from a distribution to purchasers in BC	Proceeds fee for filing a prospectus other than an at-the-market distribution or for an exchange traded fund. The amendment also clarifies the fee is payable on the gross proceeds of the distribution.	No change in amount
Item 10.1 (new Item)	Currently the Item 10 fee applies.	.025% or in the case of a money market fund, .01%, of the proceeds realized from a distribution to purchasers in BC	Proceeds fee for filing a prospectus for an at-the-market distribution or for an exchange-traded fund. This new item also clarifies that the fee is payable on the gross proceeds of the distribution.	.00325%, or .0013% for money market funds, of the gross proceeds from the distribution in all of Canada
Item 15	For filing an application, other than an application to revoke, revoke in part or vary an order made under section 161 or 164 of the Act for a decision under the Act, the regulation, the Rules or another enactment or policy statement if no other fee is prescribed	\$4500	Adds an exclusion for applications under sections 15.1 (claims to disgorgement proceeds), 28 (review of decision of exchanges, self-regulatory bodies and similar entities), 41 (surrendering registration) or 178 (refund of fees for abandoned registration applications or withdrawn prospectuses) of the Act from this fee	No fee for applications under these sections
Item 15.1(1)(a)	For filing an application for a decision to revoke, revoke in part or vary an order made under section 164 of the Act if the order has been in effect for less than 91 days	\$1000	Removes applications to revoke in part or vary an order made under section 164 of the Act if the order has been in effect for less than 91 days as they are now covered by new Item 15.1(1)(a.1)	No change in amount

² Excludes minor drafting changes to Item 15.1(1)(f), Item 16, Item 16(1)(b), Item 17, Item 18 and Item 19

Item or section	Description of current fee	Current fee amount	Description of new or revised fee	New or revised fee amount
Item 15.1(1)(a.1) (new Item)	Currently the Item 15.1(1)(a) or Item 21 fee applies	\$1000 or \$2500	For filing an application for a decision to revoke in part or vary an order made under section 164 of the Act that has been in effect for any period of time	\$1000
Item 15.1(1)(g) (new Item)	Currently the fee in Item 15 applies	\$4500	For filing an application for an exemption from the prohibition against filing a prospectus more than 90 days after the date of the receipt of the related preliminary prospectus or amendments	\$1000
Item 16(1)(c)	For filing a report under National Instrument 45-106 <i>Prospectus and Registration Exemptions</i>	the greater of (i) \$200 or (ii) .03% or, in the case of a money market fund, .01% of the proceeds realized by the issuer from the distribution of the securities described in the report to purchasers in BC	The amendments to Item 16(1)(c): <ul style="list-style-type: none"> • update the requirement so this fee applies any time Form 45-106F1 <i>Report of Exempt Distribution</i> is required to be filed under the Act itself, any national or multilateral instrument, any local BC rule, the <i>Securities Regulation</i> or the <i>Securities Rules</i> • updates the requirement to clarify that the fee is determined based on the gross proceeds of the distribution 	the greater of (i) \$200 or (ii) .03% or, in the case of a money market fund, .01% of the gross proceeds realized by the issuer from the distribution of the securities described in the report to purchasers in BC
Item 21	For filing an application under section 171 of the Act for a revocation or variation of a decision in respect of the reactivation of a dormant issuer	\$2500	Removes the reference to variations of a decision under section 171 in respect of the reactivation of a dormant issuer. These applications will now pay the \$1000 fee in Item 15.1(1)(a.1))	No change in amount for revocations. Partial revocation or variation applications now pay the \$1000 fee in Item 15.1(1)(a.1).
Item 21.1 (new item)	N/A	N/A	This new item adds a fee that is payable by reporting counterparties that report derivatives transactions under Multilateral Instrument 96-101 <i>Trade Repositories and Derivatives Data Reporting</i> (MI 96-101) It is determined by calculating (in	(a) no fee (b) \$3000 (c) \$7500 (d) \$15000 (e) \$50000 (f) \$100000 (g) \$200000 (h) \$450000 (i) \$750000

Item or section	Description of current fee	Current fee amount	Description of new or revised fee	New or revised fee amount
			<p>accordance with section 24.2 of the <i>Securities Regulation</i>) the notional amount of the counterparty's average quarterly outstanding derivatives positions in a calendar year.</p> <p>An amount that falls within a range set out below, requires the payment of the applicable fee.</p> <ul style="list-style-type: none"> (a) under \$3 billion (b) \$3 billion to under \$7.5 billion (c) \$7.5 billion to under \$15 billion (d) \$15 billion to under \$50 billion (e) \$50 billion to under \$100 billion (f) \$100 billion to under \$300 billion (g) \$300 billion to under \$500 billion (h) \$500 billion to under \$1 trillion (i) \$1 trillion and over 	
Item 26	Fees and charges for the costs of or related to a compliance review under section 141.1, 141.2, 141.3, or 141.4 of the Act	<ul style="list-style-type: none"> (a) \$100 per hour for each person involved in the compliance review (b) Disbursements properly incurred by the Commission or the Executive Director or the staff of either of them 	Adds section 141.4 (reviews of other market participants) to the sections under which fees and disbursements can be charged for conducting compliance reviews	No change in amount
Items 33, 34, 35, 36	Sets annual fees for each of recognized exchanges, recognized clearing agencies, alternative trading systems and trade repositories	Between \$5000 and \$20000	Makes each provision subject to section 25.1 of the <i>Securities Regulation</i> , which has the effect of reducing the fees payable by these entities in their first year of recognition or operation as alternative trading system or trade repository in the circumstances set out in section 25.1.	No change in amount
Section 24	This section explains when a notice of	Set in Item 10	This section was revised to also refer to new Item 10.1, which is the prospectus fee	No change in amount

Item or section	Description of current fee	Current fee amount	Description of new or revised fee	New or revised fee amount
	proceeds must be filed for proceeds owing under Item 10		payable by exchange traded funds and issuers conducting an at-the-market offering	
Section 24.1	N/A	N/A	This section explains that the fee payable under Item 21.1 must be paid by January 31 of a calendar year.	N/A
Section 24.2	N/A	N/A	This section explains how the amount required to be calculated under Item 21.1 for the purposes of determining the applicable fee is calculated.	N/A
Section 25.1	N/A	N/A	This section reduces the fees payable under Items 33 to 36 for a person that has paid an application fee under Items 15.2, 15.4, 15.7 or for filing Form 21-101F2 <i>Information Statement – Alternative Trading System</i> in the same calendar year.	N/A

Updated BC Form 11-901 Fee Checklist

We have updated BC Form 11-901F *Fee Checklist*. You must submit this checklist any time you are paying a fee for a filing that is made outside of SEDAR+ or NRD.

SEDAR+ and fees

SEDAR+ requires a filer to pay fees that are owed for a filing made through SEDAR+ at the time the filing is made. SEDAR+ also calculates the fees that are owed for a filing based on the fee regimes in each CSA jurisdiction.

It will take some time for SEDAR+ to be updated to reflect all of the fee changes that relate to documents filed on SEDAR+. In the interim:

(a) *Exchange-traded funds and at-the-market distributions – proceeds of distribution fees*

When filing a notice of proceeds for an at-the-market distribution, or for an exchange-traded fund distribution in SEDAR+, when asked to enter the amount of the gross proceeds of the offering in British Columbia, calculate 13% of the total distribution in Canada and enter that amount. If an ATM or ETF issuer inserts that calculated amount as its gross proceeds, SEDAR+ will calculate the applicable distribution fee correctly.

(b) *Other filers who are affected by fee changes*

For other filers who file a document that is affected by the changes to section 22 of the *Securities Regulation*, if SEDAR+ calculates a different fee payable than the amount shown in section 22, please contact the BCSC to make an additional payment for any outstanding fees outside of SEDAR+, or to request a refund. Please see “Payment of additional fees or refunds” below for instructions.

Payment of additional fees or refunds*Completing Form 11-901F Fee Checklist*

If National Instrument 13-103 *System for Electronic Data Analysis and Retrieval + (SEDAR+)* requires you to make a filing outside of SEDAR+ or if you are not using the National Registration Database to file your documents, any fee required to be paid in connection with that filing must be paid directly to the BCSC. When paying a fee directly to the BCSC, your payment must be accompanied by BC Form 11-901F *Fee Checklist*. That checklist outlines your options for the method of payment, and where you must send Form 11-901F

If you are making a payment by wire transfer or EFT, send Form 11-901F to the BCSC, along with the wire transfer or EFT information you receive confirming payment has been made.

Filings made under SEDAR+ if the fee is calculated other than as required by section 22

If, as described above, you file a document through SEDAR+ that is affected by the changes to section 22 of the *Securities Regulation* and SEDAR+ calculates a different fee payable than the amount required under section 22, please contact the following for instructions on how to pay any outstanding fee or to obtain a refund:

Applicable filing	Who to contact
Applications for a revocation of a failure to file cease trade order	prospectusreviews@bcsc.bc.ca
Applications for partial revocations or variations of cease trade orders of dormant issuers	prospectusreviews@bcsc.bc.ca
Applications relating to filing a prospectus more than 90 day after a preliminary prospectus	prospectusreviews@bcsc.bc.ca
Filing an exempt distribution report under rules other than NI 45-106 <i>Prospectus Exemptions</i>	finreport@bcsc.bc.ca

Questions

Please refer any questions about the fee changes to either of the following:

Noreen Bent
Chief, Corporate Finance Legal Services
604-899-6741
nbent@bcsc.bc.ca

Carla-Marie Hait
Chief Financial Officer
604-899-6726
chait@bcsc.bc.ca

April 11, 2024

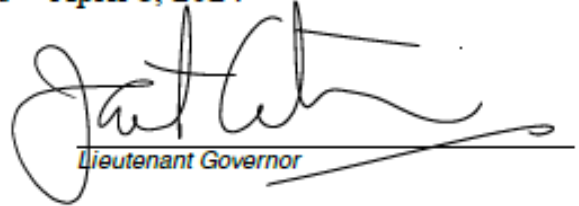
Brenda M. Leong
Chair

Annex A

PROVINCE OF BRITISH COLUMBIA
ORDER OF THE LIEUTENANT GOVERNOR IN COUNCIL

Order in Council No. 174

, Approved and Ordered April 8, 2024



Lieutenant Governor


Executive Council Chambers, Victoria

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and consent of the Executive Council, orders that the Securities Regulation, B.C. Reg. 196/97, is amended as set out in the attached Schedule.

DEPOSITED
April 8, 2024
B.C. REG. 84/2024



Minister of Finance



Presiding Member of the Executive Council

(This part is for administrative purposes only and is not part of the Order.)

Authority under which Order is made:

Act and section: *Securities Act*, R.S.B.C. 1996, c. 418, s. 183 (35)

Other:

R30768105

SCHEDULE

1 Section 22 of the Securities Regulation, B.C. Reg. 196/97, is amended in the table

(a) by repealing item 10 and substituting the following as indicated:

Item	Column 1	Column 2
10	For filing a prospectus, other than (a) a prospectus for an at-the-market distribution under National Instrument 44-102 <i>Shelf Distributions</i> , or (b) a prospectus for an exchange traded fund, the amount, if any, by which (c) 0.025%, or (d) in the case of a money market fund, 0.01% of the gross proceeds realized by the issuer or securityholder from the distribution under the prospectus to purchasers in British Columbia exceeds the aggregate of the fees paid under item 9, which amount must be paid in accordance with sections 24 and 25.	
10.1	For filing a prospectus (a) for an at-the-market distribution under National Instrument 44-102 <i>Shelf Distributions</i> , or (b) for an exchange traded fund, the amount, if any, by which (c) 0.00325%, or (d) in the case of a money market fund, 0.0013% of the gross proceeds realized by the issuer or securityholder from the distribution under the prospectus to purchasers in Canada exceeds the aggregate of the fees paid under item 9, which amount must be paid in accordance with sections 24 and 25.	

(b) in item 13 (b) by striking out “section 171 of”,

(c) in item 14 by striking out “and Registration” and “of the Act”,

(d) by repealing item 15 and substituting the following as indicated:

Item	Column 1	Column 2
15	For filing an application, if no other fee for that filing is prescribed, for a decision under the Act, this regulation, the Rules, another enactment or a policy statement, other than an application under section 15.1, 28, 41 or 178 of the Act or an application to revoke, revoke in part or vary an order made under section 161 or 164 of the Act.	\$4 500

(e) in item 15.1 (1) by repealing paragraph (a) and substituting the following as indicated:

- (a) an application for a decision to revoke an order made under section 164 of the Act if the order has been in effect for less than 91 days;

(a.1) an application for a decision to revoke in part or vary an order made under section 164 of the Act; ,

(f) in item 15.1 (1) (f) by adding “;” after “cease trade order”,

(g) in item 15.1 (1) by adding the following paragraph:

(g) an application for an exemption from the prohibition against filing a final prospectus more than 90 days after the date of the receipt for the related preliminary prospectus or amendment to the prospectus ,

(h) in item 16 by striking out “For filing a report” and substituting “For filing”,

(i) in item 16 (1) (b) by adding “a report” before “pursuant to the terms of an order”,

(j) in item 16 (1) by repealing paragraph (c) and substituting the following paragraph:

(c) a Form 45-106F1 *Report of Exempt Distribution* under the Act, this regulation or the Rules,

the greater of

(d) \$200, or

(e) 0.03% or, in the case of a money market fund, 0.01%, of the gross proceeds realized by the issuer from the distribution of the securities described in the report to purchasers in British Columbia ,

(k) in item 17 by striking out “time” wherever it occurs,

(l) by repealing item 18 and substituting the following as indicated:

Item	Column 1	Column 2
18	For filing an interim financial report by a reporting issuer under National Instrument 51-102 <i>Continuous Disclosure Obligations</i> or National Instrument 81-106 <i>Investment Fund Continuous Disclosure</i> , if the report is filed (a) within the prescribed period (b) outside the prescribed period (c) outside the prescribed period and the commission or the executive director has ordered, in respect of the failure to file, that trading in the securities of the issuer cease	No fee \$200 \$500

(m) in item 19 by striking out “time” wherever it occurs,

(n) by repealing item 21 and substituting the following as indicated:

Item	Column 1	Column 2
21	For filing an application under the Act to revoke a decision in respect of the reactivation of a dormant issuer	\$2 500

(o) *by adding the following item:*

Item	Column 1	Column 2
21.1	<p>For a reporting counterparty, as defined in Multilateral Instrument 96-101 <i>Trade Repositories and Derivatives Data Reporting</i>, required to report a derivatives transaction to a trade repository in a calendar year under that Instrument, the fee opposite the applicable range set out in the following paragraphs into which the amount determined range under section 24.2 of this regulation falls:</p> <ul style="list-style-type: none"> (a) under \$3 billion; (b) \$3 billion to under \$7.5 billion; (c) \$7.5 billion to under \$15 billion; (d) \$15 billion to under \$50 billion; (e) \$50 billion to under \$100 billion; (f) \$100 billion to under \$300 billion; (g) \$300 billion to under \$500 billion; (h) \$500 billion to under \$1 trillion; (i) \$1 trillion and over 	<p>No fee \$3 000 \$7 500 \$15 000 \$50 000 \$100 000 \$200 000 \$450 000 \$750 000</p>

(p) *in item 26 by striking out “section 141.1, 141.2 or 141.3” and substituting “section 141.1, 141.2, 141.3 or 141.4”,*

(q) *in items 33 to 35 by striking out “For a person that is” and substituting “Subject to section 25.1, for a person that was”, and striking out “between April 1 of the previous calendar year and March 31” and substituting “beginning on April 1 of the previous calendar year and ending on March 31”, and*

(r) *in item 36 by striking out “For a trade repository that is” and substituting “Subject to section 25.1, for a person that is a trade repository that was”, and striking out “between April 1 of the previous calendar year and March 31” and substituting “beginning on April 1 of the previous calendar year and ending on March 31”.*

2 Section 24 is amended by

(a) *striking out “under item 10 of the table in section 22” and substituting “under item 10 or 10.1 of the table in section 22”, and*

(b) *by striking out “proceeds” wherever it occurs and substituting “gross proceeds”.*

3 The following sections are added:

Payment date for derivative transaction fees

24.1 (1) For the purposes of determining the date on which a fee is payable under item 21.1 of the table in section 22, a reporting counterparty must pay the fee by January 31 of a calendar year if, during the previous calendar year, the reporting counterparty was a counterparty to a derivative and one or more counterparties to the derivative was a “local counterparty”.

- (2) For the purposes of subsection (1) local counterparty and reporting counterparty have the same meanings as in *Multilateral Instrument 96-101 Trade Repositories and Derivatives Data Reporting*.

Calculation of average quarterly amount

24.2 For the purposes of item 21.1 of the table in section 22, the amount is calculated as follows:

- (a) determine as of the last day of each calendar quarter of the previous calendar year, for transactions reported under *Multilateral Instrument 96-101 Trade Repositories and Derivatives Data Reporting* and for the reporting counterparty's outstanding derivatives positions expressed in Canadian dollars, the notional amount for each calendar quarter of the previous calendar year;
- (b) determine as of the last day of each calendar quarter of the previous calendar year, for transactions reported under *Multilateral Instrument 96-101 Trade Repositories and Derivatives Data Reporting* and for each of the reporting counterparty's outstanding derivatives positions expressed in a currency other than Canadian dollars, the notional amount for each calendar quarter of the previous calendar year;
- (c) for each notional amount determined under paragraph (b) expressed in a currency other than Canadian dollars, convert the amount to an amount expressed in Canadian dollars using the daily exchange rate posted on the Bank of Canada's website for the last business day of the previous calendar year;
- (d) add each notional amount determined under paragraphs (a) and (c);
- (e) divide the total determined under paragraph (d) by 4.

Fee calculation for a recognized entity or an alternative trading system

25.1 For a person that was recognized, in respect of an application referred to in item 15.2, 15.4 or 15.7 of the table in section 22, or filed a Form 21-102F2 *Information Statement – Alternative Trading System* referred to in item 15.6 of the table in section 22, at any time during the period beginning on July 1 of the previous calendar year and ending on March 31 of the current calendar year, the amount required to be paid under items 33, 34, 35 and 36 of the table, as applicable, is reduced by the following:

- (a) 25% for a person recognized in the case of items 33, 34 and 36 or, in the case of item 35, a person that filed a Form 21-101F2 *Information Statement – Alternative Trading System* for the first time, if the recognition or filing, as applicable, occurred during the period beginning on July 1 of the previous calendar year and ending on September 30 of the previous calendar year;
- (b) 50% for a person recognized in the case of items 33, 34 and 36 or, in the case of item 35, a person that filed a Form 21-101F2 *Information Statement – Alternative Trading System* for the first time, if the recognition or filing, as applicable, occurred during the period beginning on October 1 of the previous calendar year and ending on December 31 of the previous calendar year;

- (c) 75% for a person recognized in the case of items 33, 34 and 36 or, in the case of item 35, a person that filed a Form 21-101F2 *Information Statement – Alternative Trading System* for the first time, if the recognition or filing, as applicable, occurred during the period beginning on January 1 of the current calendar year and ending on March 31 of the current calendar year.