

## Annex C

### Summary of Comments and CSA Responses

The following is a summary of comments and CSA responses in respect of the Proposed Amendments, as described in CSA Notice and Request for Comment *Proposed Repeal and Replacement of Multilateral Instrument 13-102 System Fees for SEDAR and NRD* published on May 2, 2019.

#	TOPIC	SUMMARIZED COMMENT	CSA RESPONSE
1	<b>Support for the adoption of a new national filing system</b>	<p>The commenters generally support the adoption of a new national system to replace the CSA national systems.</p> <p>The following are examples of the comments received:</p> <ul style="list-style-type: none"> <li>• We are broadly supportive of the updates being made by the CSA to the CSA national systems, including SEDAR.</li> <li>• Our members look forward to the implementation of a new integrated national information and filing system.</li> <li>• The potential benefits of the National Systems Renewal Program (NSRP) to regulators, market participants and investors are clear and significant. For regulators, a single structured database presents the opportunity to streamline internal workflow processes, break down silos, develop analytics to optimize organizational performance, and identify compliance review priorities. For market participants, the opportunity to easily access the information and data they are required to file would reduce the need for multiple manual data entries, streamline their own internal work processes, and improve compliance by enabling firms to leverage this data in their business operations and compliance supervision activities.</li> <li>• We are very supportive of the CSA's proposed centralized information technology system, as well as the</li> </ul>	<p>We acknowledge the comments of support and thank the commenters.</p>

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		<p>harmonized approach the CSA is taking with respect to SEDAR+. We believe that replacing outdated, fragmented reporting systems and databases with more efficient, centralized, and secure technology is a key step in reducing regulatory burden, increasing information security, and facilitating information flow in an efficient and cost-effective manner.</p> <ul style="list-style-type: none"> <li>• We view SEDAR+ as an important opportunity to improve information flow that is worth the short-term investment for the longer-term benefit of all stakeholders, including for investors and the CSA.</li> <li>• We thank the CSA for the work being done to create and roll out SEDAR+. Technology and database updates are often more complex than they seem, but this undertaking is well overdue and, we believe, very worth the resources and time devoted by CSA staff to make it a reality.</li> <li>• We have been an advocate for modernizing the national records filing system for years and [are] pleased that the CSA has moved forward on long awaited revisions to this system.</li> <li>• The redevelopment of the existing outdated and unwieldy systems into an integrated framework is an important step in ensuring that the regulatory infrastructure employs appropriate technology and system design to meet the industry’s current and future requirements.</li> <li>• We commend the CSA for undertaking the proposed integrated information and filing system, as the existing databases and processes are outdated and have exceeded their useful lifespan.</li> <li>• We are very encouraged that the CSA has adopted a harmonized approach to the</li> </ul>	

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		<p>NSRP as we anticipate that this approach will result in a more efficient exchange of information, thereby increasing productivity for both registrants and regulators.</p> <ul style="list-style-type: none"> <li>• We are fully in support of the <i>concept</i> behind SEDAR+. Replacing these outdated platforms with a single, nationally harmonized platform could reduce the regulatory burden of compliance while improving the efficient flow of information that underpins fair and transparent capital markets.</li> <li>• The NSRP will provide long-term added value to industry, regulators and investors if an open architecture path is chosen.</li> </ul>	
2	<b>Comments related to NSRP generally</b>	<p>Many of the commenters provided feedback and suggestions on matters related to the design, development and implementation of the new NSRP system. These include comments related to system design, implementation, testing prior to launch, search functionality, systems governance, functionality related to data mining and data. We also received comments on the design of the components of this system, related to the Disciplined List, the Cease Trade Order Database, and the National Registration Database, and comments related to filing of reports of exempt distribution reports and associated fees.</p>	<p>We thank the commenters for their feedback and suggestions, however these comments are outside of the scope of MI 13-102. NSRP staff are reaching out directly to commenters to discuss these comments further in connection with their ongoing work on system design, development and implementation.</p> <p>Comments related to system fees are addressed in this annex.</p>
3	<b>General support for proposed system fees</b>	<p>Five commenters were generally supportive of the proposed system fees. The following are examples of the comments received:</p> <ul style="list-style-type: none"> <li>• We are generally supportive of the CSA’s proposed system fees for specified filings</li> </ul>	<p>We acknowledge the comments of support and thank the commenters.</p>

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		<p>made by market participants. We agree that the flat fee structure, paid only to the principal regulator, will simplify and improve upon the current fee system.</p> <ul style="list-style-type: none"> <li>• We are generally supportive of the system fees consultation and applaud the CSA for simplifying its fee design through the imposition of flat fees, the elimination of certain fees, minimizing fee changes – especially for small registrants, and for reducing system fees overall.</li> <li>• The CSA’s proposal that filers only will pay fees to their principal regulator is a sensible way to simplify fee calculations and payment.</li> <li>• We are pleased that the CSA devised a new system fee schedule that is anticipated to result in only 1% of filers having fee increases of over \$1000.</li> <li>• We are supportive of the CSA proposed system fees revisions to provide filers with a simplified one-stop process for submitting required disclosure documentation to the various regulators across Canadian capital markets. We also believe that the adoption of a flat fee design as opposed to the current multi-jurisdictional fee structure to both principal and non-principal regulators is a major improvement. Both of these changes are expected to reduce the administrative burden and complexity faced by reporting issuers and others as they meet their commitment to fulsome continuous disclosure.</li> <li>• We appreciate that the new approach to system user fees has the potential to improve the simplicity of calculating, inputting and transmitting system user fees.</li> <li>• The proposed fee structure provides a coherent, simplified, and fair means for</li> </ul>	

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		<p>charging for access and use of the system. The flat fee design, payable only to the filer’s principal regulator significantly simplifies the process and will reduce the resources required by users to manage these administrative takes. It is appropriate and fair that system fees will be based primarily on filing behaviour and volume of use. We are pleased that SEDAR+ will be run on a cost recovery basis and it has been developed in an efficient manner, so that the total system fees are expected to decline.</p>	
4	<p><b>Impact of proposed system fees on investment fund managers</b></p>	<p>Two commenters were concerned that investment fund managers can expect their system fees to increase by approximately 8%, due mainly to the new \$40 fee proposed for Ontario and British Columbia exempt distribution filings in SEDAR+. The commenters noted that many investment fund managers may need to pass these increased costs on to investors.</p> <p>One of the commenters noted that increased costs resulting from the growing regulatory burden is contrary to the objectives of most fund companies, as they negatively affect investors’ ability to achieve their savings objectives.</p> <p>The other commenter noted that it is difficult for the industry to lower investment product costs for investors if regulatory costs continue to increase and urged the CSA to be mindful of the impact of fee increases on the costs of products and services to investors.</p>	<p>The system fee proposal sought to have a balanced approach to fees. Overall there is a projected 7% reduction in system fees. As system fees are a very small part of an investment fund managers cost structure, we do not anticipate a noticeable resulting increase in investment product costs.</p>
5	<p><b>Provide regular reports</b></p>	<p>One commenter noted that the proposed fee model is designed to reflect the costs of using SEDAR+ and allow for future enhancements. The commenter encouraged the CSA to provide regular reports on system fees, finances, operations and progress updates to users of</p>	<p>The proposed fee model is designed to reflect the costs of using SEDAR+. In some cases, relief has been provided in connection with start-</p>

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		<p>SEDAR+.</p> <p>A second commenter noted that the CSA acknowledge that certain issuers, most notably investment funds, will see their fees increase under the new system, and there will also be significant fee increases applicable to non-Canadian firms who rely on the international adviser and international dealer exemptions provided for in NI 31-103. The commenter considers it incumbent on the CSA to explain how it arrived at the overall distribution of fees amongst the various constituents using SEDAR+, and continuously report on a regular basis on that distribution. The commenter suggested that changes may be necessary based on experience in the use of SEDAR+.</p>	<p>up cost of SEDAR+ (i.e, no charge for intial profiles). Regular reports of the nature noted are contemplated.</p>
6	<p><b>New annual fee to file notice of reliance on the international adviser exemption</b></p>	<p>One commenter discussed the new annual fee payable by international advisers to file a notice of reliance on the international adviser exemption, other than for those operating solely in Ontario and satisfying the Ontario rule requirements. The commenter suggested that the proposal is unclear about how to determine the CSA member to which payment should be made, and remarked that, since the new fee model is generally dictated by a registrant's principal regulator, further clarity is needed as to how international advisers should pay the new fee.</p>	<p>We thank the commenter for its comment.</p> <p>Subsection 5(3) of NI 13-103 outlines how a filer must determine their principal regulator for the purposes of determining the jurisdiction that is to be paid the system fee for a filing that is not otherwise addressed in MI 11-102. This test was designed to apply to all filers, including foreign filers.</p> <p>Under this test, foreign filers will generally need to determine their principal regulator by identifying the jurisdiction with</p>

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			<p>which they have the most “significant connection”. The factors for determining “significant connection” are found in section 3.4 of National Policy 11-202 <i>Process for Prospectus Reviews in Multiple Jurisdictions</i>. Relying on this “significant connection” approach provides the most flexibility to a person filing a document that is not otherwise addressed by MI 11-102.</p> <p>We note that registration-related filing requirements are not part of this phase of the systems replacement. Accordingly, international dealers and advisers will not be filing in SEDAR+ until a later phase of this project. They will not pay a fee until they are required to file in SEDAR+.</p>
7	<b>Late fee waiver</b>	One commenter suggested that there should be a waiver of late fees levied under OSC Rule 13-502 and other equivalent provincial fee rules if delays are caused by SEDAR+.	There are no late fees provided in proposed MI 13-102, so a waiver under MI 13-102 is not necessary. Under section 6 of NI

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			13-103, temporary exemptive relief is available in the event of unanticipated technical difficulties. The temporary exemption provides 2 extra business days for a person or company to file a document with, or deliver a document to, the securities regulatory authority or regulator, if unanticipated technical difficulties prevent the person or company from transmitting the document through SEDAR+ within the time required or permitted under securities legislation.