

CSA Notice of Repeal and Replacement of Multilateral Instrument 13-102 *System Fees for SEDAR and NRD*

March 23, 2023

Introduction

The Canadian Securities Administrators (the **CSA** or **we**) are repealing and replacing Multilateral Instrument 13-102 *System Fees for SEDAR and NRD* (**MI 13-102**),¹ with a new instrument shown in Annex A (the **Amendments**, or the **New Instrument**). This Notice should be read together with the CSA notice relating to the adoption of National Instrument 13-103 *System for Electronic Data Analysis and Retrieval + (SEDAR+)* (**NI 13-103**), which is also being published today. Reference is made in this Notice to the version of the Amendments published for comment on May 2, 2019 (the **Proposed Amendments**).

Provided all ministerial approvals are obtained, the Amendments will come into force on June 9, 2023.

The CSA is renewing its national records filing systems. A new system (**SEDAR+**) will replace:

- existing CSA national systems including the System for Electronic Document Analysis and Retrieval (**SEDAR**), the System for Electronic Disclosure by Insiders (**SEDI**) and the National Registration Database (**NRD**); and
- various local records filing systems.

In connection with the development of SEDAR+, the CSA has reviewed system fees for specified filings made by market participants. As a result of this review, MI 13-102 is being repealed and replaced, primarily to change the structure of the system fees provided by MI 13-102. Under the Amendments,

- system fees continue to be established on a cost-recovery basis, and
- the total system fees collected by the CSA are projected to decline.

We note that system fees are separate from any regulatory fees users must pay in any province or territory.

¹ While the Manitoba Securities Commission has not adopted MI 13-102, it is a participant in the system fee regime as a result of Regulation 158/2013 under *The Securities Act* (Manitoba). Corresponding amendments to Regulation 158/2013 are expected as a result of the repeal and replacement of MI 13-102.

This notice is available on the websites of CSA jurisdictions, including:

www.lautorite.qc.ca
www.albertasecurities.com
www.bcsc.bc.ca
nssc.novascotia.ca
www.fcnb.ca
www.osc.gov.on.ca
www.fcaa.gov.sk.ca
www.mbsecurities.ca

Background

In 2013, MI 13-102 was adopted to replace the filing service charge schedules under the SEDAR Filer Manual and the NRD User Guide. Adopting MI 13-102 reduced some fee rates to reflect cost saving opportunities based on filing patterns, but retained the fee structure. The fee structure had remained unchanged since the fee models were implemented in 1997 for SEDAR and in 2003 for NRD.

SEDAR+ is intended to

- accept most securities law filings and documents,
- be secure and easy to use, and
- be more cost-effective to operate and change.

SEDAR+ is projected to be delivered in phases starting in June 2023. The first phase (**Phase 1**) will replace SEDAR, the Cease-Trade Order Database, the Disciplined List and certain filings in the British Columbia Securities Commission eServices system and the Ontario Securities Commission Electronic Filing Portal.

Additional requirements applicable to insiders (SEDI), registrants (NRD), regulated entities such as exchanges and self-regulatory organizations, and derivatives market participants will be addressed in future phases.

Purpose

In conjunction with the systems renewal, the CSA is revising system fees to align them to projected national system operating costs and to provide for future developments and enhancements. The changes are designed to

- reduce annual system fee revenue,
- minimize fee changes, especially for smaller filers,
- simplify the fee design by adopting flat fees and eliminating some fees, and
- add new fees for significant new services.

Substance of the Amendments

The Amendments replace principal and non-principal regulator fees with flat fees per filing type (**flat fee design**) paid only to a filer's principal regulator. This change substantially simplifies the system fee regime. Further, system fees for certain filing types are being removed, while some new fees for filing types will be introduced, as described below. System fees will rise in some cases (or be newly created) and fall in other cases, based primarily on filing behaviour and volume of use. Total system fees collected by the CSA are projected to decline by approximately \$1.7 million (7%).

Summary of the Amendments

(i) Flat fee design

Currently, the majority of system fees are based on the number of jurisdictions with which market participants file. The Amendments instead reflect a flat fee design. This flat fee design better aligns system fees that users must pay with the CSA's anticipated costs to operate SEDAR+, based on market participants' expected system usage. A flat fee design offers significantly improved administrative simplicity for both market participants and the CSA.

(ii) Eliminating certain system fees

We have eliminated system fees associated with certain filing types, which reduces costs and simplifies the system fees levied in some areas. The filing types and their related fees that we have removed from MI 13-102 are as follows:

- Prospectus – Distribution outside Quebec;
- Registration of an individual in an additional jurisdiction;
- Related Party Transaction Filings;
- Going Private Transaction Filings.

SEDAR users currently pay a one-time charge for creating a profile in SEDAR. Under SEDAR+, there is no charge for creating a profile.

(iii) Harmonizing system fees for similar filings and introducing system fees for new filing types

Under Item 2 of Appendix A of the New Instrument, international dealers and advisers pay a new system fee for filing a notice of reliance on the international dealer or adviser registration exemption in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**). However, international dealers and advisers will not be required to file this document using SEDAR+ until a future phase.

Items 13 and 14 of Appendix A of the New Instrument also provide new system fees for a “pre-filing” or “application” transmitted through SEDAR+. “Pre-filing” and “application” are defined broadly at the beginning of Appendix A. Both definitions include applications for exemptions, but

do not cover filer profiles. However, a system fee under Item 14 is nil if it relates to a pre-filing for which a system fee has already been paid under Item 13.

Requiring a system fee for all applications aligns with the existing requirement to pay a system fee for applications for exemptions sought in connection with a prospectus filing or exemptions relating to National Instrument 81-102 *Investment Funds*. This means, for example, that once registrant activities are included in SEDAR+, a registrant that requires an exemption from a registration requirement would file that application for an exemption through SEDAR+ and would pay a system fee for filing that application.

Under SEDAR+, all jurisdictions require reports of exempt distribution (Form 45-106F1 *Report of Exempt Distribution*) to be filed through SEDAR+ and filers to pay a system fee. Today, most jurisdictions require that form to be filed on SEDAR and to pay a system fee, while British Columbia and Ontario currently require that form to be filed using local filing systems and do not require a system fee.

The above-noted new filings represent significant new activities to be handled by SEDAR+.

(iv) Transitional provision

The replacement for NRD is not a part of Phase 1. Subsection 7(1) of the New Instrument provides that all system fees relating to a registrant requirement that are required to be paid by registrants will continue to be paid through NRD until NI 13-103 requires filings and renewal through NRD to be made through SEDAR+.

Likewise, notices of reliance on an international dealer or adviser registration exemption filed by international dealers and advisers are not part of Phase 1. Under subsection 7(2) of MI 13-102, system fees for this notice do not come into effect until the notices are required to be filed through SEDAR+.

Related Provisions under NI 13-103 – determination of principal regulator

Under NI 13-103, system fees are to be paid to a filer’s “principal regulator”, as defined in section 5 of NI 13-103. NI 13-103 clarifies how a filer’s principal regulator is determined for the purposes of system fees. The approach taken in NI 13-103 aligns with the approach taken today in Multilateral Instrument 11-102 *Passport System* (MI 11-102).

Summary of Written Comments Received by the CSA

As noted above, the Proposed Amendments, together with proposed NI 13-103, were published for comment on May 2, 2019.

We received submissions from 6 commenters on the Proposed Amendments. Most of these submissions combined comments on proposed amendments to MI 13-102 and proposed NI 13-103. We have considered the comments received and thank all of the commenters for their input. The names of the commenters are contained in Annex B. A summary of comments together with

our responses is in Annex C.

Copies of the comment letters were posted on the following websites:

- www.albertasecurities.com;
- www.lautorite.qc.ca;
- www.osc.gov.on.ca.

Summary of Changes in the New Instrument

There have been no substantive changes made to the New Instrument arising from the public comment period. References to the Renewed System have been changed to “SEDAR+” to reflect the name of the new system.

List of Annexes

This notice contains the following annexes:

- Annex A - Multilateral Instrument 13-102 *System Fees*
- Annex B - List of commenters
- Annex C - Summary of Comments
- Annex D - Local matters – this annex is being published in any local jurisdiction that is making related changes to local securities laws, local notices or other policy instruments in that jurisdiction. It also includes any additional information that is relevant to that jurisdiction only.

Questions

Please refer your questions to any of the following:

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