



June 2, 2023

# FSRA'S PROPOSED 2022 FEE RULE

The Investment Industry Association of Canada (IIAC) is the national association representing investment firms that provide products and services to Canadian retail and institutional investors. Our members manufacture and distribute a variety of securities and provide a diverse array of portfolio management and advisory services.

All our members are registered with a member of the Canadian Securities Administrators (CSA).

The IIAC applauds FSRA's principles of regulatory effectiveness, efficiency, and fairness. We agree that:

- FSRA's principles are achieved by mitigating regulatory duplication and burden.
- Costs relating to oversight that is already being provided by another regulator (OSC or the Canadian Investment Regulatory Organization (CIRO)) should not be duplicated.

The IIAC also agrees with the following requests made by CIRO to FSRA dated February 27, 2023 (CIRO Submission) to:

- Waive fees for those individuals subject to the jurisdiction of CIRO.
- Recognize that the requirements of FSRA's Credentialing Bodies supervision program is already being undertaken by the CSA by virtue of its Recognition Order for CIRO.

We acknowledge the efforts made by FSRA, CIRO and by extension, the OSC in contending with FSRA's authority over the Financial Professionals Title Protection Act, 2019, S.O 2019 (the Act), and its corresponding Financial Professionals Title Protection Rule (the Rule). Unfortunately, the Act and Rule duplicate aspects of the Securities Act, R.S.O, 1990, c. S5, its related National Instruments, CIRO Rules, Guidance, Policies, and the prior jurisdictions of both the OSC and CIRO in relation to appropriate titles for financial professionals.

We recognize that in efforts to achieve some resolution:

- CIRO has determined the public interest would be better served by CIRO becoming a Credentialing Body and bringing its 45,000 members in to FSRA's regime.
- FSRA has proposed an equation for the calculation of fees whereby those members are not considered in a part of that equation, which includes FSRA's start up costs.

The result described is that CIRO pays a \$25,000 flat rate element of an annual assessment and its share (0.10) of the start up cost fee of \$3,098,901.00 along with other elements. A revised formula outlining these elements is provided in section 8.1.1 Self Regulatory Credentialing Body Assessments. The amount of fees that will be charged to CIRO members remains unclear. Any fees should be nominal and payable with administrative ease.

Despite efforts, Ontario's Burden Reduction Directive (<https://www.ontario.ca/page/burden-reduction-directive>) has not been met. The Directive includes Relevance as a principle. It states:

5. Remains relevant: following implementation, provincial policy instruments are reviewed and evaluated to confirm Principle 1 remains true.

Principle 1 states:

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1. Proportional: government action is necessary, proportional to the matter being addressed, and in the public interest.

We agree, as stated in the CIRO Submission, that CIRO, by extension, the OSC has, with respect to both titles and oversight:

1. A well-established governance structure with a strong public interest mandate
2. The necessary expertise, resources and policies and procedures to administer and monitor compliance with its rules and/or legislation
3. A robust proficiency regime for its registered individuals including pre- and post- licensing proficiency requirements and ongoing continuing education obligations, and
4. An established complaint handling and enforcement process including the disciplining of those individuals who breach its rules.

In the very near term, a post-implementation review should be conducted. The Act and Rule are not relevant to CIRO members. No fees should be paid by CIRO members. We continue to strongly encourage FSRA to eliminate regulatory duplication and burden by providing CIRO members with an exemption from the Act and the Rule.

All of which is respectfully submitted,

The Investment Industry Association of Canada