

## **Appendix C – Frequently Asked Questions**

### **1. Is the 5% my total expected increase for FY27? What is the total expected increase in CIRO fees for FY27?**

The 5% increase represents the cost recovery for registration delegation. A deficit was taken in FY26 as a transitional measure. The fee increase is required for CIRO to operate on a full cost recovery basis and comply with CSA Recognition Orders.

However, this does not include:

- i. Transitional measures agreed to with the Ontario Securities Commission where NRD fees will still continue in FY26;
- ii. Any fee changes based on Member revenue (in relation to other members) and AP count, which is subject to change come FY27;
- iii. Expected fee increases for cost recovering on new Québec activities in FY27; and
- iv. Indexation for inflation.

### **2. How is CIRO determining the per AP number? Does it include unlicensed individuals? Does it include Branch Managers without a client facing role?**

Under CIRO **Investment Dealer and Partially Consolidated Rules**, an “Approved Person” is an individual approved by the Corporation under these Rules to carry out a function for a Dealer Member, namely, the following individuals: (i) Associate Portfolio Manager, (ii) Chief Compliance Officer, (iii) Chief Financial Officer, (iv) Director, (v) Executive, (vi) Investment Representative, (vii) Portfolio Manager, (viii) Registered Representative, (ix) Supervisor, (x) Trader, or (xi) Ultimate Designated Person.

Under **CIRO Mutual Fund Dealer Rules**, an “Approved Person” means an individual who is a partner, director, officer, compliance officer, branch manager, or alternate branch manager, employee or agent of the Member who (i) is registered or permitted, where required by applicable securities legislation, by the securities commission having jurisdiction, or (ii) submits to the jurisdiction of the Corporation.

### **3. If an AP is registered in multiple categories or multiple provinces, do Members still pay \$300 per AP or per registration category or province of registration?**

No. The rate will be \$300 per AP (count is based on the 12-month average of the previous calendar year), regardless of how many categories or provinces each AP is registered in.

**4. Why do we need to pay an additional \$50 in per Approved Persons (AP) rate?**

Historically, the cost of existing registration delegations has been partially absorbed within the Annual Dealer Member Fees. This proposed increase is intended to cover the cost of new delegations and assignments, and restructure the fee model to better align with our cost structure and Guiding Principles. CIRO needs to recover the cost of registration delegation in FY27 either through the per AP or the Revenue rate to comply with CSA Recognition Orders. If we do not amend the AP rate, all costs will be recovered through the revenue component of the Fee Model, which would unfairly allocate a greater proportion of registration costs to ID firms. The \$50 increase to the per AP rate is a reallocation of fees that better supports a proportionate and fair allocation of costs, consistent with CIRO's Guiding Principles.

**5. Will CIRO adjust the per AP rate each year?**

The AP rate is not intended to be adjusted annually, but rather on an as-needed basis. CIRO's Integrated Fee Model is part of CIRO Rules, and any updates to the AP Fees Component of the Annual Dealer Member Fee are subject to the Joint Rule Review Protocol of the Memorandum of Understanding between CIRO and its Recognizing Regulators (RRs), which establishes uniform procedures for the RRs' review of and decision-making about Rule Changes proposed by CIRO. This Proposed Amendment published for public comment follows procedures within the Joint Rule Review Protocol.

The Fee Model calculation includes both a Revenue rate that is set annually (ie: variable) and a per AP rate that is established per the Rules (ie: fixed). To provide consistency and stability to Dealer Members, we believe it is valuable to have a fixed rate component in the structure of the Fee Model.

**6. Why are we moving away from a transactional or activity-based fees? Doesn't it make more sense for the users of CIRO Registration services to pay for those services (vs the membership as a whole)?**

In the development and evaluation of the Proposed Amendment, our goal is to select the option that is best aligned with the full set of CIRO's Guiding Principles per the Recognition Orders:

- **Proportionality:** Both activity-based fees and the AP Fee Component rate increase are aligned with the guiding principle of proportionality.
- **Practicality:** Activity-based registration fees are dependent on harmonizing of NRD fee schedule across multiple jurisdictions. Lacking historical information or costing details, it will be a time-consuming and complex fee-setting and approval process. Managing activity-based fees will also drive additional costs for CIRO. In comparison, recovering through the Annual Dealer Member Fee requires minimum additional administrative efforts and is better aligned with the guiding principle of practicality.
- **Consistency:** Activity-based fees fluctuate based on usage of services and historically varied based on jurisdiction. Cost recovery through the Annual Dealer Member Fee provides national consistency as well as cost allocation consistency by allocating costs proportionately based on size of members.
- **Transparency:** Both activity-based fees and the Annual Dealer Member Fee provide transparency for members to recalculate their fee payable.
- **Serving the Public Interest:** Both activity-based fees and the Annual Dealer Member Fee will not have material impact on small members with low AP count who do not require significant activity-based services.
- **Sustainability:** The costs of performing registration function activities are largely fixed in nature, but activity-based fees are variable. In the event that the activity-based fees do not provide sufficient cost recovery of performing registration function regulatory activities, we will not achieve full cost recovery.

**7. Have you thought about tiered rates rather than a set rate per AP? There are different registration rates across the CSAs depending on registration category. Why is CIRO charging the same rate for ID and MFD APs?**

Registration activities are driven by changes in the AP count. Compared to IDs, MFD members have a higher AP count and require more regulatory activities. While this could justify a different AP rate for IDs vs. MFDs or tiered rates, this would also introduce unnecessary complexity and subjectivity.

During the Integrated Fee Model Public Comment process, we also received concerns that the per AP rate on MFD firms would create a significant barrier to entry. Comments expressed a potential adverse impact on the industry in the form of reduced access to advice. Tiered or different rates for ID and MFD APs would increase MFD AP rates and run counter with CIRO's Guiding Principles of practicality, consistency, sustainability, and serving the public interest. Accordingly, we chose to apply a unified rate between ID and MFD APs during the development of the Integrated Fee Model, and we intend to uphold this approach in the Proposed Amendment.

**8. Are there other changes being contemplated to the Fee Model as a result of input received from the Integrated Fee Model proposal?**

The current proposal would amend only the AP Fees Component of the Annual Fee. The objective of this proposal is to achieve full cost recovery as a result of the expanded registration delegation and assignment only, and ensure the additional fees are allocated in a proportionate and fair manner.

The Integrated Fee Model came into effect April 1, 2025; however, we are still in the early stage of adoption. Some Members may be making changes to their business models and/or operations to adapt to the Integrated Fee Model. Stability is required and it is too early to implement further changes and consider other methodologies within the Integrated Fee Model at this time. CIRO will continue to monitor for significant shifts in fee distribution and will ensure the Fee Model continues to meet the Guiding Principles.