IIROC OCRCVM
Investment Industry Regulatory Organization of Canada
Organisme canadien de réglementation du commerce des valeurs mobilières

IIROC NOTICE

Administrative Notice
Request for Comments

Please distribute internally to:
Senior Management
Finance

Contact:
Keith Persaud
Senior Vice President, Finance and Administration
416 865-3022
kpersaud@iiroc.ca

14-0291
December 11, 2014

New Debt Market Regulation Fee Model

Executive Summary

In connection with IIROC's Rule 2800C – Transaction Reporting for Debt Securities ("Rule", see IIROC Notice 14-0250) which becomes effective November 1, 2015, IIROC must develop a cost recovery fee model and submit the fee model to the Canadian Securities Administrators ("CSA") for approval.

IIROC established an industry committee, representing a cross-section of IIROC Dealer Members, to provide input and advice on the development of guiding principles for a new Debt Market Regulation fee model, and the identification and evaluation of alternative fee models.

The industry committee adopted the same guiding principles as were used for the Dealer and Equity Market Regulation fee model reviews: fairness, transparency, industry competitiveness and cost recovery.

IIROC staff identified cost drivers to help determine the regulatory resources consumed by Dealer Members.

IIROC staff reviewed the Debt Market Regulation fee models of similar regulatory organizations to ensure that best practices were considered and incorporated, as appropriate.

IIROC staff and the industry committee considered a number of alternative fee models. IIROC recommends, and the industry committee endorses, a Debt Market Regulation fee model that is based on the number of debt transactions (trades) as the cost driver for recovery of debt regulation costs.

The recommended model was presented to both the Finance & Audit Committee and IIROC Board in September and November 2014 where it was approved for publication for comment.

Table of Contents

Background

IIROC's mandate is to "set and enforce high-quality regulatory and investment industry standards, protect investors and strengthen market integrity while maintaining efficient and competitive capital markets". This mandate applies to all trading of debt and equity in Canada.

At present, the most comprehensive standardized reporting of debt market activity in Canada is the weekly statistical reports provided by Government Securities Distributors ("GSDs") to the Bank of Canada. This is a requirement for participation in Government of Canada securities auctions. The weekly statistics are submitted through the Market Trade Reporting System ("MTRS") from which quarterly reports are produced. The Bank of Canada uses this data for various purposes related to its management of government securities auctions, including the calculation of bidding limits for GSDs and for analysis of trends and developments in the debt and money markets.

Over the years, IIROC has had ongoing discussions with the Bank of Canada regarding the efficient functioning of the Canadian debt markets and the importance of the MTRS reporting. The Bank of Canada, IIROC and the dealer community have held discussions on ways to improve the efficiency of MTRS data collection, and the quality, comparability and reliability of the data collected.

Under the Rule, IIROC's new system for reporting debt securities transactions will serve as the successor to MTRS. Dealers and their affiliates will be expected to report transaction data to IIROC on a T+1 basis and the terms of participation in Government of Canada auctions will be updated to reflect this. The Rule requires that all GSDs begin reporting debt securities transactions to IIROC's transaction reporting system by November 1, 2015 and IIROC will share this data with the Bank of Canada, obviating the need for dealers to submit weekly aggregate reports covering the same transactions. Reflecting this role as the successor system to MTRS, the system will be referred to as "MTRS 2.0".

Regulatory Objectives

IIROC's priorities in conducting oversight of debt market trading are to strengthen the fairness and integrity of the debt markets, and to ensure compliance and prevent and/or address identified abuses in areas such as:

- best execution and fair pricing;
- front running (use of information to trade ahead of client bond trades or issuances);
- insider trading;
- manipulation of the price of a debt market instrument or class of instruments; and

- suitability of a specific instrument types (particularly with respect to retail customers).

Cost Allocation

The costs associated with the ongoing operation and maintenance of MTRS 2.0, including technology, staff and other direct costs, will be allocated to IIROC Dealer Members that trade debt securities, on a cost-recovery basis under the Debt Market Regulation fee model described in this Notice. It is estimated that the annual operating cost upon implementation in 2015 will be approximately $1.0 million. In developing the system and processes to carry out debt surveillance, IIROC leveraged its existing infrastructure, systems and staff to help ensure net new costs do not duplicate existing capability, and any relevant existing capacity is used. The approximation of $1.0 million above reflects net new costs as well as costs shared with other areas. Consequently, shared costs allocated to IIROC's other regulatory fees will be reduced by the amount allocated to debt oversight.

Industry Committee

In order to ensure that member input was considered in the development of a new Debt Market Regulation fee model, IIROC established an industry committee (the "Committee"). A request for nominees was sent to all Dealer Members regulated by IIROC. Membership of the Committee was designed so as to reflect IIROC's Dealer membership generally.

The primary responsibilities of the Committee were to:

- provide guidance and advice to assist IIROC in developing the fee model, including guiding principles;
- take an active part in the meeting discussions and bring forward relevant points of view that identify, improve, support or disapprove the various alternatives being considered; and
- recommend a Debt Market Regulation fee model.

The members of the Committee were:

Member Firm	Committee Representative
Casgrain & Company Limited	André Zanga
CTI Capital Securities Inc.	Mark Chadakhtzian
Desjardins Securities	Pierre Morin
Fidelity Clearing Canada	Brian Clendinning
Laurentian Bank Securities Inc.	Thomas Berky

Member Firm	Committee Representative
Leede Financial Markets	Randy Johal
McLean & Partners Wealth Management Ltd.	Ric Palombi
National Bank Financial	Sean St-John
Ocean Securities Inc.	Bruce B. Carroll
Odlum Brown Limited	Peter R Pacholko
RBC Dominion Securities Inc.	Gaylen Duncan
RBS Capital Markets	Lisa Conway
Richardson GMP	James Price
Scotia Capital Inc.	Vanessa Gardiner
TD Securities Inc.	Jason Le
Woodstone Capital Inc.	Ginalee Jones

Industry Benchmarking

In order to help ensure that "best practice" elements were incorporated into the development of a new fee model, IIROC staff reviewed the debt regulation fee models of the Financial Industry Regulatory Authority ("FINRA") and the Japan Securities Dealers Association ("JSDA").

FINRA performs market regulation under contract for The NASDAQ Stock Market, the American Stock Exchange, the International Securities Exchange, the Chicago Climate Exchange and the NYSE. The JSDA and seven exchanges in Japan are self-regulatory organizations that oversee and inspect day-to-day securities and debt instrument trading.

These organizations primarily use one or more of the following methods to allocate costs among multiple markets:

- an hourly rate for staff time;
- staff time as a proxy for consumption of non-personnel regulatory resources;
- activity-based measures; and
- fees based on value of debt transactions undertaken.

New Fee Model Guiding Principles

The Committee adopted the following guiding principles as an objective frame of reference with which to evaluate potential fee model alternatives:

- *Fairness*: A Member's share of fees should be based on its usage or consumption of

IIROC's regulatory services.

- *Transparency*:
  - Members should understand how their fees reflect the application of the guiding principles.
  - To the extent possible, Members should be able to reconcile billing drivers used in an invoice to information that they supplied to IIROC.
- *Consistency:* Rules and principles that determine fees should be consistently applied to all Members.
- *Industry Competitiveness:*
  - In the public interest, and to the greatest extent possible, fees should not inhibit new entrants.
  - The setting of fees should be designed to be as neutral as possible so as not to favour one market or dealer over another or influence decisions where to trade.
- *Cost Recovery of Regulatory Services Provided:* IIROC will operate on a cost-recovery basis.

Debt Market Regulation Cost Drivers

Annual debt surveillance, regulation and compliance costs are expected to be mainly derived from the following IIROC departments:

1. Information Technology (IT)
2. Newly created Debt Monitoring Team (DMT)
3. Compliance
4. Enforcement

IIROC staff reviewed the activities proposed to be carried out by these departments under the Rule to determine their cost drivers. These cost drivers were used to determine the value of IIROC's resources consumed for the debt regulation activity and the basis of apportionment to each Dealer Member. The billing drivers that would be used to invoice these costs were also identified.

Department	Cost Driver	Proposed Billing Driver
IT	System capacity utilization including i) management of inbound transaction and reference data; (ii) database system maintenance including alerts and reports. Primarily fixed, but influenced by number of dealers and trades.	Number of debt trades reported
Debt Monitoring Team	Number of debt trades reported	Number of debt trades reported
Compliance	Number of reviews performed / debt trades reported	Number of debt trades reported
Enforcement	Number of files assessed, investigated, prosecuted, and closed. Partially impacted by the number of debt trades connected with a file	Number of debt trades reported
Indirect Costs	Allocated using the cost allocation model	Number of debt trades reported

Fee Model Alternatives Considered

The following alternative Debt Market Regulation fee models were identified and considered by the Committee:

1. Proportionate share of number of debt transactions[1] reported.
2. Proportionate share of dollar value of debt transactions reported.
3. A combination of number of reported transactions and dollar value of reported transactions.

The Committee agreed to explore the application of a fee model based on the number of debt transactions reported to IIROC under the requirements of the new Rule for the following reasons:

1. Reportable debt transactions was identified as a primary cost driver among the operating departments (DMT, Compliance) and a contributing driver for IT and Enforcement.

[1] A trade is referred to as a transaction for the purposes of Rule 2800C – Transaction Reporting for Debt Securities.

2. A fee model based on the number of reported transactions would be fair, understandable, transparent and easy to administer.

3. The value of debt trading was not identified as a driver of regulatory effort at this time.

IIROC undertook quantitative analysis of the following transaction-based fee model options:

- Option #1 - Fee Model based on primary and secondary transactions including repos
- Option #2 - Fee Model based on primary and secondary transactions excluding repos
- Option #3 - Fee Model based on secondary transactions including repos
- Option #4 – Fee Model based on secondary transactions excluding repos

For purposes of performing the quantitative analysis, 2012 and 2013 debt transaction data was requested from all members of the Industry Committee as well as all other Government Securities Distributors (GSDs) that were not on the Committee. <u>The accuracy of the data was not verified by IIROC</u>. Transaction data collected for 2013 and 2012 are included in Appendix 1. In addition, a cost base of $1,000,000 was used in the analysis based on IIROC's current estimate of the total annual operating costs for debt regulation.

Impact of Fee Model Options on Dealer Members

<u>Option #1 - Fee model based on primary and secondary transactions including repos.</u>

The results show that the cost per debt transaction reported would have been $0.199 in 2013 and $0.215 in 2012.

The rationale for this option is that all three transaction types (primary, secondary, repos) will attract IIROC's regulatory activity to varying degrees. All three transaction types are captured and recorded in the fixed income database to be administered by IIROC. The result of including all transactions is a lower per-unit cost which benefits investors and supports the principle of industry competitiveness.

The financial impact of this option by dealer type is outlined below.

- Institutional dealers would have incurred aggregate fees of $123,075 and $112,314 in 2013 and 2012 respectively.
- Integrated dealers would have incurred aggregate fees of $855,995 and $866,154 in 2013 and 2012 respectively.

- Retail dealers would have incurred aggregate fees $20,930 and $21,532 in 2013 and 2012 respectively.

If a firm's % share of primary and repo transactions relative to the total amount of all its transactions is significantly less than the % share of primary and repo transactions relative to the total population of all transactions, they would benefit from the lower unit cost.

Option #2 - Fee model based on primary and secondary transactions excluding repos.

The results show that the cost per debt transaction reported would have been $0.241 in 2013 and $0.256 in 2012.

The rationale for excluding repo transactions is that the level of regulatory effort, compared to other secondary transactions, is expected to be minimal as the initial focus will be on the completeness and accuracy of transaction reporting. Secondary transactions constitute the majority of market activity.

The financial impact of this option by dealer type is outlined below.

- By excluding repos total transactions would have been reduced by 874,911 or 17.4% in 2013 and 751,946 or 16.1% in 2012.
- Institutional dealers would have incurred aggregate fees of $83,794 and $76,463 in 2013 and 2012 respectively.
- Integrated dealers would have incurred aggregate fees of $890,855 and $897,863 in 2013 and 2012 respectively.
- Retail dealers would have incurred aggregate fees of $25,350 and $25,674 in 2013 and 2012 respectively.
- While transactions would have been reduced, cost per transaction would have increased by roughly 20% vs. Option #1 for both years.
- If a firm's % share of repo transactions relative to the total amount of all its transactions was greater than the % share of repo transactions relative to the total population of all transactions, the firm would have seen lower fees vs. Option #1. Conversely, members with little or no repo activity would have faced higher transaction costs as compared to Option #1.

Option #3 - Fee model based on secondary transactions including repos.

The results show that the cost per debt trade reported would have been $0.203 in 2013 and $0.219 in 2012.

The rationale for excluding primary transactions is that they have a more narrow regulatory focus compared to secondary transactions at this time. Secondary transactions (including repos) constitute the majority of market activity.

The financial impact of this option by dealer type is outlined below.

- By excluding primaries total transactions would have been reduced by 100,690 or 2.0% in 2013 and 95,213 or 2.0% in 2012.
- Institutional dealers would have incurred aggregate fees of $122,392 and $111,887 in 2013 and 2012 respectively.
- Integrated dealers would have incurred aggregate fees of $857,037 and $867,069 in 2013 and 2012 respectively.
- Retail dealers would have incurred aggregate fees of $20,571 and $21,035 in 2013 and 2012 respectively.
- While transactions are reduced, cost per transaction would have increased by roughly 2% vs. Option #1 for both years.
- If a firm's % share of primary transactions relative to the total amount of all its transactions is greater than the % share of primary transactions relative to the total population of all transactions, the firm would have seen lower fees vs. Option #1.Conversely, members with little to no primary transactions would have faced higher transaction costs as compared to Option #1.

Option #4 - Fee model based on secondary transactions excluding repos.

The results show that the cost per debt trade reported would have been $0.247 in 2013 and $0.262 in 2012.

The rationale for excluding primary transactions is that they have a more narrow regulatory focus compared to secondary transactions at this time. Repos are excluded as the initial regulatory focus is expected to be on the completeness and accuracy of transaction reporting. Secondary transactions constitute the majority of market activity.

The financial impact of this option by dealer type is outlined below.

- By excluding primaries and repos total transactions would have been reduced by

975,601 or 19.4% in 2013 and 847,159 or 18.1% in 2012.

- Institutional dealers would have incurred aggregate fees of $81,986 and $75,068 in 2013 and 2012 respectively.
- Integrated dealers would have incurred aggregate fees of $892,992 and $899,751 in 2013 and 2012 respectively.
- Retail dealers would have incurred aggregate fees of $25,022 and $25,181 in 2013 and 2012 respectively.
- While transactions are reduced, cost per transaction would have increased by roughly 23% vs. Option #1 for both years.
- If a firm's % share of primary and repo transactions relative to the total amount of all its transactions is greater than the % share of primary and repo transactions relative to the total population of all transactions, the firm would have seen lower fees vs. Option #1. Conversely, members with little to no primary and repo transactions would have faced higher transaction costs as compared to Option #1.

Table 1 below summarizes the results of the various options considered.

Options	Average Cost / Transaction	Number of Transactions	Impact
Option #1 – primary and secondary transactions including repos	$0.199 – 2013 $0.215 – 2012	5,018,024 – 2013 4,661,414 – 2012	• Institutional dealers would have incurred $123,075 and $112,314 in 2013 and 2012 respectively. • Integrated dealers would have incurred $855,995 and $866,154 in 2013 and 2012 respectively. • Retail dealers would have incurred $20,930 and $21,532 in 2013 and 2012 respectively.
Option #2 – primary and secondary transactions excluding repos	$0.241 – 2013 $0.256 – 2012	4,143,147 – 2013 3,909,468 – 2012	• Institutional dealers would have incurred $83,794 and $76,463 in 2013 and 2012 respectively. • Integrated dealers would have incurred $890,855 and $897,863 in 2013 and 2012 respectively. • Retail dealers would have incurred $25,350 and $25,674 in 2013 and 2012 respectively.
Option #3 – secondary transactions including repos	$0.203 – 2013 $0.219 – 2012	4,917,334 – 2013 4,566,201 – 2012	• Institutional dealers would have incurred $122,392 and $111,887 in 2013 and 2012 respectively. • Integrated dealers would have incurred $857,037 and $867,069 in 2013 and 2012 respectively. • Retail dealers would have incurred $20,571 and $21,035 in 2013 and 2012 respectively.

Options	Average Cost / Transaction	Number of Transactions	Impact
Option #4 – secondary transactions excluding repos	$0.247 – 2013 $0.262 – 2012	4,042,457 – 2013 3,814,255 – 2012	• Institutional dealers would have incurred $81,986 and $75,068 in 2013 and 2012 respectively. • Integrated dealers would have incurred $892,992 and $899,751 in 2013 and 2012 respectively. • Retail dealers would have incurred $25,022 and $25,181 in 2013 and 2012 respectively.

A comparison of fees that would have been paid by Dealer groups in 2013 and 2012 is presented below in Tables 2 and 3 respectively. Appendix 2 also contains analysis of fees for GSDs vs. other dealers by transaction type for 2013 and 2012.

Table 2 – 2013 – Fees Paid by Dealer Member Groups Under Proposed Options

Option		1		2		3		4	
	Number of Dealers	All Transactions	Average cost/dealer	Secondary (no Repo) & Primary	Average cost/dealer	Secondary & Repo	Average cost/dealer	Secondary only	Average cost/dealer
Cost per transaction		$ 0.199		$ 0.241		$ 0.203		$ 0.247	
Number of transactions		5,018,024		4,143,147		4,917,334		4,042,457	
Institutional Dealers	8	$ 123,075	$ 15,384	$ 83,794	$ 10,474	$ 122,392	$ 15,299	$ 81,986	$ 10,248
Integrated Dealers	9	$ 855,995	$ 95,111	$ 890,855	$ 98,984	$ 857,037	$ 95,226	$ 892,992	$ 99,221
Retail Dealers	5	$ 20,930	$ 4,186	$ 25,350	$ 5,070	$ 20,571	$ 4,114	$ 25,022	$ 5,004
Total -all dealers	22	$ 1,000,000		$ 1,000,000		$ 1,000,000		$ 1,000,000	

Table 3 – 2012– Fees Paid by Dealer Member Groups Under Proposed Options

Option		1		2		3		4	
	Number of Dealers	All Transactions	Average cost/dealer	Secondary (no Repo) & Primary	Average cost/dealer	Secondary & Repo	Average cost/dealer	Secondary only	Average cost/dealer
Cost per transaction		$ 0.215		$ 0.256		$ 0.219		$ 0.262	
Number of transactions		4,661,414		3,909,468		4,566,201		3,814,255	
Institutional Dealers	8	$ 112,314	$ 14,039	$ 76,463	$ 9,558	$ 111,897	$ 13,987	$ 75,068	$ 9,384
Integrated Dealers	9	$ 866,154	$ 96,239	$ 897,863	$ 99,763	$ 867,069	$ 96,341	$ 899,751	$ 99,972
Retail Dealers	5	$ 21,532	$ 4,306	$ 25,674	$ 5,135	$ 21,035	$ 4,207	$ 25,181	$ 5,036
Total -all dealers	22	$ 1,000,000		$ 1,000,000		$ 1,000,000		$ 1,000,000	

Proposed Debt Market Regulation Fee Model

As noted in the overview, IIROC will develop and maintain MTRS 2.0, which will replace the current MTRS that is administered by the Bank of Canada for the reporting of debt transactions in Canada. As a result of this transition, IIROC will be collecting and providing transactional data to the Bank of Canada on a regular basis, including that of repo activities. IIROC will be receiving a fee from the Bank of Canada directly related to the provision of this service.

In discussions between the Committee and IIROC, it was agreed that any service fees earned from the Bank of Canada would be used to lower the fee per repo transaction. The rationale is that the level of regulatory effort for repo transactions, compared to other secondary transactions, is expected to be lower as the initial focus of IIROC's efforts will be on the completeness and accuracy of transaction reporting, with repo transactions being captured primarily to satisfy the reporting agreement with the Bank of Canada. However, given that the service fee with the Bank of Canada is not finalized at this point, it has not been reflected in the rates for the various options discussed above. Once finalized, it is expected that the cost per repo trade will be lower compared to the cost for other transaction types.

IIROC recommends the adoption of a transaction-based Debt Market Regulation fee model that is based on primary and secondary transactions (Option #1) with the adjustment to repos for the Bank of Canada fee as outlined above. This approach fits with our fee model guiding principles as follows:

- *Fairness* - Including all transactions is fair as all reported transactions will attract regulatory effort, notwithstanding that some Members will not undertake all types of reportable transactions.

- *Industry Competitiveness* - The result of including all transactions is a lower per-unit cost which benefits investors and keeps rates low for industry competitiveness.

- *Transparency* - The inclusion of all transactions is the easiest to administer and most transparent option.

- *Cost Recovery*: Regulatory costs are fully recovered.

The proposed model is viewed as preferable to the other alternatives considered with respect to the guiding principles for the following reasons:

- the alternatives which exclude certain types of debt transactions (primary, repos) are less fair because all transactions are cost drivers that consume IIROC's regulatory resources;

- the other alternatives are less favorable with respect to industry competitiveness, in that the cost per transaction to be charged by IIROC is higher in all cases, since some transaction types are excluded from fees; and,

- all of the alternatives are the same with respect to transparency and cost recovery.

On balance, therefore, the Committee supported management's recommendation of a transaction based Debt Market Regulation fee model that is based on primary and secondary transactions (including repos).

Since this is a new regulatory activity where processes are not yet fully known, IIROC will review the fee model after one to two years and adjust it if required for better alignment with the guiding principles and with effort expended. If material adjustments arise from the review, the fee model will be published again for comment.

Request for Comments

IIROC seeks written comments on the proposed new Debt Market Regulation fee model. While comment is sought on all aspects of the proposed new Debt Market Regulation fee model, IIROC would specifically request feedback on the following:

Each trade reported must be reviewed in the context of market conditions at the time of the trade. Trades that are reported after the prescribed time will trigger additional effort by IIROC to correct erroneous records and perform effective surveillance. Given the additional IIROC resources to be used to review trades that are submitted late, is it appropriate for IIROC to impose a late reporting fee on the applicable Dealer for trade reports that are submitted late?

Comment letters should be delivered by February 9, 2015 (60 days from the publication date of this notice) addressed to the attention of:

Keith Persaud
Senior Vice President, Finance & Administration
121 King Street West, Suite 2000
Toronto, ON M5H 3T9
kpersaud@iiroc.ca

Appendix 1 – Transaction Data Detail

2013

Number of transactions reported

Repo	Institutional	Retail	Total
Institutional Dealers	270,453	-	270,453
Integrated Dealers	603,753	705	604,458
Retail Dealers	-	-	-
Total	874,206	705	874,911
Primary			
Institutional Dealers	14,400	1,347	15,747
Integrated Dealers	71,707	9,357	81,064
Retail Dealers	88	3,791	3,879
Total	86,195	14,495	100,690
Secondary			
Institutional Dealers	327,362	4,029	331,391
Integrated Dealers	2,745,903	863,978	3,609,881
Retail Dealers	6,082	95,069	101,151
Total	3,079,347	963,076	4,042,423
All	4,039,748	978,276	5,018,024
Institutional Dealers	612,215	5,376	617,591
Integrated Dealers	3,421,363	874,040	4,295,403
Retail Dealers	6,170	98,860	105,030
Total all	4,039,748	978,276	5,018,024
GSD			
Repo	874,172	705	874,877
Primary	86,175	10,995	97,170
Secondary	3,079,381	884,648	3,964,029
Total GSD	4,039,728	896,348	4,936,076
Other dealers			
Repo	-	-	-
Primary	20	3,500	3,520
Secondary	-	78,428	78,428
Total Other dealers	20	81,928	81,948
Total	4,039,748	978,276	5,018,024

Appendix 1 – Transaction Data Detail (continued)

2012

Number of transactions reported

Repo	Institutional	Retail	Total
Institutional Dealers	224,612	-	224,612
Integrated Dealers	526,015	1,319	527,334
Retail Dealers	-	-	-
Total	750,627	1,319	751,946
Primary			
Institutional Dealers	9,229	3,369	12,598
Integrated Dealers	70,131	8,158	78,289
Retail Dealers	66	4,260	4,326
Total	79,426	15,787	95,213
Secondary			
Institutional Dealers	246,355	39,975	286,330
Integrated Dealers	2,600,664	831,215	3,431,879
Retail Dealers	5,458	90,588	96,046
Total	2,852,477	961,778	3,814,255
All	3,682,530	978,884	4,661,414
Institutional Dealers	480,196	43,344	523,540
Integrated Dealers	3,196,810	840,692	4,037,502
Retail Dealers	5,524	94,848	100,372
Total all	3,682,530	978,884	4,661,414
GSD			
Repo	750,627	1,319	751,946
Primary	79,405	11,787	91,192
Secondary	2,852,477	886,386	3,738,863
Total GSD	3,682,509	899,492	4,582,001
Other dealers			
Repo	-	-	-
Primary	21	4,000	4,021
Secondary	-	75,392	75,392
Total Other dealers	21	79,392	79,413
Total	3,682,530	978,884	4,661,414

Appendix 2 – Comparison of Fee Billings by Option

2013

Billing dollars	Option #1 - All transactions			Option #2 - Secondary & Primary (no Repo)			Option #3 - Secondary including Repo			Option #4 - Secondary only		
Repo	Institutional	Retail	Total	Institutional	Retail	Total	Institutional	Retail	Total	Institutional	Retail	Total
GSD	$ 174,206	141	174,347	$ -	-	-	$ 177,774	143	177,917	$ -	-	-
Other dealers	-	-	-	-	-	-	-	-	-	-	-	-
Total	174,206	141	174,347	-	-	-	177,774	143	177,917	-	-	-
Primary												
GSD	17,173	2,191	19,364	20,799	2,654	23,453	-	-	-	-	-	-
Other dealers	4	698	702	5	845	850	-	-	-	-	-	-
Total	17,177	2,889	20,066	20,804	3,499	24,303	-	-	-	-	-	-
Secondary												
GSD	613,664	176,294	789,958	743,247	213,521	956,768	626,230	179,904	806,134	761,760	218,839	980,599
Other dealers	-	15,629	15,629	-	18,929	18,929	-	15,949	15,949	-	19,401	19,401
Total	613,664	191,923	805,587	743,247	232,450	975,697	626,230	195,853	822,083	761,760	238,240	1,000,000
All	$ 805,047	$ 194,953	$ 1,000,000	$ 764,051	$ 235,949	$ 1,000,000	$ 804,004	$ 195,996	$ 1,000,000	$ 761,760	$ 238,240	$ 1,000,000

2012

Billing dollars	Option #1 - All transactions			Option #2 - Secondary & Primary (no Repo)			Option #3 - Secondary including Repo			Option #4 - Secondary only		
Repo	Institutional	Retail	Total	Institutional	Retail	Total	Institutional	Retail	Total	Institutional	Retail	Total
GSD	$ 161,030	283	161,313	$ -	-	-	$ 164,387	289	164,676	$ -	-	-
Other dealers	-	-	-	-	-	-	-	-	-	-	-	-
Total	161,030	283	161,313	-	-	-	164,387	289	164,676	-	-	-
Primary												
GSD	17,035	2,529	19,564	20,311	3,015	23,326	-	-	-	-	-	-
Other dealers	4	858	862	5	1,023	1,028	-	-	-	-	-	-
Total	17,039	3,387	20,426	20,316	4,038	24,354	-	-	-	-	-	-
Secondary												
GSD	611,934	190,154	802,088	729,633	226,728	956,361	624,694	194,119	818,813	747,846	232,388	980,234
Other dealers	-	16,173	16,173	-	19,285	19,285	-	16,511	16,511	-	19,766	19,766
Total	611,934	206,327	818,261	729,633	246,013	975,646	624,694	210,630	835,324	747,846	252,154	1,000,000
All	$ 790,003	$ 209,997	$ 1,000,000	$ 749,949	$ 250,051	$ 1,000,000	$ 789,081	$ 210,919	$ 1,000,000	$ 747,846	$ 252,154	$ 1,000,000