

IIROC NOTICE

Administrative Notice General

Please distribute internally to:
Finance
Legal and Compliance
Senior Management

Contact:

Shuaib Shariff
Senior Vice President, Finance and Administration
Telephone: 416.943.5884
e-mail: sshariff@iiroc.ca

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Deferral of IIROC fees payable by small and medium-sized Dealer Members

The Investment Industry Regulatory Organization of Canada (IIROC) recognizes the significant impact that the COVID-19 pandemic is having on Canadians, the economy and the overall investment industry. As the pan-Canadian regulator for IIROC-regulated investment firms and registrants, we have taken a number of measures to support healthy capital markets and to provide relief to Dealer Members so that they can serve Canadians during these challenging times.

To provide transparency and help IIROC Dealer Members with compliance and the protection of their clients, we have created a dedicated [COVID-19 web section](#) in which we answer frequently asked questions relating to issues associated with the pandemic. We are offering exemptive relief in a number of areas relating to hardships Dealer Members are experiencing. We have also issued guidance to help them continue to meet their regulatory obligations while providing regulatory flexibility that may be required to help them best serve investors and maintain market stability.

In addition to the operational and process relief already provided, IIROC is taking steps to provide temporary financial relief on its fees to small and medium-sized Dealer Members.

Deferred payment relief will apply in full to nearly 70 Dealer Members who are subject to IIROC's minimum fee level. Additionally, approximately 80 medium-sized Dealer Members will qualify for relief on a portion of their fees, equivalent to the amount paid by the minimum fee paying Dealer Members. Together, this group represents approximately 90% of IIROC Dealer Members.



We are also setting the high-risk premiums to zero for this fiscal year.

At IIROC, we will continue to be flexible in the way we regulate our Dealer Members while ensuring that investors and the integrity of our markets are also protected.

Details of Current Fee Payment Schedule and Deferrals

Under IIROC's current fee model guidelines, all Dealer Members receive notice for their first and second quarterly payments in early July, with first quarter payment due immediately and the second quarter fee due by the beginning of August. Dealer Members receive notice of third and fourth quarterly payments in early September and December, respectively. Third quarter payments are due by the beginning of October and, fourth quarter payments are due by early January.

IIROC is revising the due dates for payments by Dealer Members, except those which have total annual fees payable of \$500,000 or more (for the previous fiscal year, there were 16 out of about 160 total Dealer Members in this category). The fees payable by our largest Dealer Members are to follow normal schedules and are unaffected by this notice.

For minimum fee payers, which are Dealer Members with total annual fees of \$22,500 per year, FY21 payments will now be due in two equal installments of \$11,250, each due by the first business day of October 2020 and January 2021 respectively. This means that payments for the first and second quarters will be due by the first business day of October 2020. In addition, the fee for the third quarter, which is normally due by the first business day of October 2020, will be deferred to the first business day of January 2021.

Medium-sized fee payers (defined as those paying more than the minimum fee but not exceeding \$500,000 in FY20 annual fees) will get the same relief as the minimum payers. The first \$22,500 of their fees will be payable in the same way as the minimum fee payers, as noted above. Fees in excess of the \$22,500 annual level will be payable normally in July 2020 and August 2020 for the first quarter and second quarter, respectively, and in October 2020 and January 2021 for the third and fourth quarters, respectively.

In addition to the revision for quarterly payments provided to minimum and medium-sized fee payers, we are also setting the high-risk premiums to zero for this fiscal year. We have significantly increased our monitoring of all Dealer Members so it is no longer appropriate to focus on individual firms which previously required relatively more monitoring.

We expect to set fee levels for FY21 in late June 2020 and will communicate them to Dealer Members by early July 2020.



We will adjust our billing practices to reflect all changes noted.

IIROC is a not-for-profit pan-Canadian regulator with its income derived primarily from the members it regulates.* Thus, we are limited in any fee relief that we are able to provide. The measures noted above are intended to provide the amount of relief we can reasonably offer to those members to whom we believe the relief will be most meaningful. We are doing so in a proportionate manner. Approximately 150 of our Dealer Members are expected to benefit from these fee deferrals, with the minimum fee payers benefitting the most.

*For information about how IIROC is funding and its fee models, visit IIROC's 2018/2019 Annual Report at https://annualreport.iiroc.ca/2019/pdfs/IIROC_AR_2018-19_EN_MDA.pdf