

MEMBER REGULATION



INVESTMENT DEALERS
ASSOCIATION OF CANADA

notice



ASSOCIATION CANADIENNE DES
COURTIERS EN VALEURS MOBILIÈRES

Contact:

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MR0258

December 15, 2003

ATTENTION:

Ultimate Designated Persons
Chief Financial Officers
Panel Auditors

Distribute internally to:

- Corporate Finance
- Credit
- Institutional
- Internal Audit
- Legal & Compliance
- Operations
- Registration
- Regulatory Accounting
- Research
- Retail
- Senior Management
- Trading desk
- Training

Annual Registration and NRD Fees

The launch of the National Registration Database (“NRD”) implements a new process for renewal of provincial and territorial registration. The system has been designed to automatically calculate the renewal fees required for each provincial and territorial jurisdiction in which a firm is registered. These fees are payable on December 31st of each year and the required fee is automatically withdrawn from a firm’s bank account. Members should check with local securities administrators to determine renewal fees for specific jurisdictions. A portion of the renewal fees for Alberta and British Columbia is paid to the IDA as compensation for the Association’s handling of registration on behalf of the securities commissions in those provinces. Please refer to MR Notice 0254.

Annual NRD user fees are also payable on December 31st and are calculated as follows:

- \$75 (plus GST) for each registered or non-registered individual in one jurisdiction; and
- \$50 (plus GST) for each additional jurisdiction (to a maximum of five jurisdictions or \$250 plus GST) in which the registered or non-registered individual is associated

On December 1 of each year, NRD will generate a ***Preliminary Annual Fee Summary*** that will advise firms of the number of individuals and locations are recorded on NRD for which annual registration fees will be incurred. It will also include a calculation of the firm's Annual NRD User Fee. The summary will show each firm how much will be drawn from its account on December 31 if the number of registered and non-registered individuals with the firm remains the same.

This Summary will not be sent outside NRD; it is available only through NRD. Firms must log in to NRD to view the Summary. The Preliminary Annual Fee Summary can be viewed by selecting "*Annual Fee Summary*" under the "*Firm Information*" tab.

Please note that the Preliminary Annual Fee Summary is only generated once and is not updated to reflect submissions made in December.

Firms should review the preliminary annual fee notice and make any required submissions necessary for the December 31 fee payment. For example, terminate any individual not continuing with your firm as of December 31 or surrender an individual's categories in a jurisdiction in which they no longer require registration.

The **Annual Fee Exclusion** submission provides firms more control over the renewal process. Firms can file a submission of this type to each applicable jurisdiction to ensure certain individuals who will be surrendering registration or terminating employment as of December 31 are excluded from the renewal fee calculation. While Regulators will give priority to approving these types of submissions firms are encouraged to use this submission to avoid unnecessary fees.

The registration status of individuals excluded from the annual fee calculation will be automatically changed to Suspended (Annual Fee Exclusion) on December 31. Please ensure that there are no errors in these submissions since the Annual Fee Exclusion submission cannot be withdrawn. Filing of the Annual Fee Exclusion submission does not replace the obligation to file the Notice of Employment Termination or Surrender of Individual Categories through NRD. Members are reminded that Multilateral Instrument 33-109 requires that any change to an individual's registration information must be submitted to the regulator within 5 business days of that change.

On December 31 NRD will generate a **Final Annual Fee Summary**, summarizing the individuals and locations for which a renewal fee has been charged and the amount that has been debited from the firm's NRD account. The Final Annual Fee Summary can be viewed by selecting "Annual Fee Summary" under the "Firm Information" tab. Members can reconcile these fees by comparing the final annual fee summary with a List Registrant report generated from NRD. The List Registrant report must be generated on December 31 in order to accurately reconcile the final fee.

All submissions, including the Annual Fee Exclusion submission, must be filed prior to the annual fee pull. The final annual fee pull is tentatively scheduled for December 31 at 3:00 P.M. EST. NRD will not be accessible during this time. Please refer to NRD information web site (<http://www.nrd-info.ca>) for up-to-date information in this regard.