Flame broiled: CIRO's proposed integrated fee model

May 30, 2024

On April 25, 2024, the Canadian Investment Regulatory Organization (CIRO) proposed a new integrated fee model for investment dealers and mutual fund dealers, to be effective **April 1, 2025**. The model is comprised of three components: the Annual Dealer Member Fee, Fees for Membership Applications and Dealer Member Business Changes, and the Qualified Market Maker Discount.

The proposed changes will have a large impact on dealer members and should be reviewed carefully by industry.

CIRO is proposing that the Annual Dealer Member Fee for all dealer members be based on a combination of total dealer revenue and the number of Approved Persons, subject to a minimum fee.

The revenue component is an amount equal to the product of the total revenue of the dealer member for the previous calendar year and the annual rate for the revenue "tier" applied to the dealer. Mutual fund dealers with assets under administration over $1 billion will be subject to a minimum threshold amount. The minimum amount will be calculated in relation to the median amount of revenue from all mutual fund dealers. Those dealers with revenue below the threshold will have their revenue for fee purposes adjusted upward to align with the minimum threshold amount.

Dealer members will need to pay an Approved Person fee of $250 per Approved Person based on their average number of Approved Persons over the previous calendar year.

CIRO is proposing to raise fees for membership applications. It will also introduce new fees for reorganizations and material changes to a dealer's business, and new fees to reimburse the cost of applications that require "excessive" time and resources.

CIRO is also proposing to amend its Equity Market Regulation Fee Model to eliminate the per trade fee discount currently provided to Qualified Market Makers.

For more information on the impact of the proposed changes to Dealer Members, please see our in-depth article entitled "CIRO's Proposed Integrated Fee Model".

Dealer members should assess the implications of the new fee model for their business and consider commenting and replying to the specific questions posed by CIRO. The comment period closes on **June 24, 2024**.

By

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