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Fees and Fragmentation: Lowering the Price of Capital Markets Regulation in Canada

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EXECUTIVE SUMMARY

In order to strengthen Canada’s economy and global competitiveness, the federal government has prioritized initiatives to eliminate interprovincial trade barriers and increase both domestic and foreign investment in Canada. These priorities bring into focus Canada’s decentralized and fragmented system of capital markets regulation and the fees that are charged to market participants through that system.

Featuring 13 provincial and territorial regulators along with a national self-regulatory organization (“**SRO**”), the Canadian Investment Regulatory Organization (“**CIRO**”), Canada’s system of securities regulation has long been criticized as giving rise to interprovincial barriers and being at odds with the national and international character of today’s capital markets. In response to these and other concerns, Canada’s provincial and territorial policymakers have made efforts to harmonize provincial/territorial securities law and increase coordination between regulators. However, these efforts have not included any meaningful reform of the separate fee regimes they maintain. In contrast, Canada’s securities regulators have expressly retained their ability to individually set and collect fees from market participants to finance their operations and/or provide a source of provincial/territorial revenue.

This has resulted in a patchwork set of fee rules, regulations, and schedules based on insular needs and priorities with no consistent rationale, limited to no coordination between regulators, and no consideration for the aggregate impact of these fee regimes on Canada’s capital markets. In addition to creating a lack of transparency and predictability, this system requires Canada’s market participants to pay duplicative fees to finance the operations of separate but overlapping regulatory authorities. In many cases, the fees collected by Canada’s securities regulators appear to be disconnected from the costs that are incurred to fulfil their regulatory functions. Moreover, as a result of its provincial/territorial approach to securities regulation, Canada’s fee system relies on 13 separate provincial/territorial ministries, to ensure that each regulator functions on a cost-effective basis and that the fees collected from market participants are fair, proportionate, and justified on a cost-recovery basis. This diffuse system of accountably is flawed insofar as it is inheritably ‘local’ and disconnected from the market participants that are responsible for funding each regulator’s operations.

Canada’s convoluted and disjointed fee structure continues to generate unnecessary costs for market participants, which can be especially burdensome for smaller companies and are ultimately borne by Canadian investors in the form of higher prices and fewer options. In addition, as a symptom of Canada’s provincial and territorial approach to securities regulation, the fees that are charged by each of Canada’s securities regulators also contribute to the fragmentation of Canada’s capital markets by creating barriers to entry and disincentivizing capital formation and the provision of advice and investment services on a national level. This, in turn, impacts the attractiveness and competitiveness of Canada’s capital markets globally.

In order to promote a single Canadian economy, Canada’s fee structure should be designed to *encourage* and *incentivize* rather than penalize interprovincial businesses. Likewise, Canada’s fee structure should be simplified and designed to attract both domestic and foreign investment. These goals would be best achieved through the creation of a national securities regulator. In the absence of one, it is incumbent on Canada’s policymakers to improve Canada’s fee structure through the implementation of a consolidated fee schedule at a net reduction for market participants, the elimination of redundant fees, and increased regulatory efficiency. It is only through substantive reform that Canada’s fee regime can be meaningfully improved to allow businesses to expand, to enhance consumer choice, and to promote open, efficient, and competitive capital markets in Canada.

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INTRODUCTION

The federal government has prioritized building a "one Canadian economy" through a series of initiatives designed to eliminate interprovincial trade barriers, increase domestic and foreign investment, and strengthen Canada's global competitiveness.[1] Most recently, the federal government has set a goal of generating $1 trillion in investments in Canada over the next five years by increasing Canada's capacity to attract, raise, retain, and deploy capital at scale.[2] These priorities draw attention to Canada's system of capital markets regulation, which features multiple regulators with overlapping jurisdiction and separate rules and regulations.[3] This system has long been criticized as giving rise to interprovincial barriers, negatively impacting the attractiveness of Canada's markets, and being inconsistent with the national and international nature of Canada's capital markets and the expectations of its market participants.[4]

In the past decades, provincial and territorial policymakers have made considerable efforts to harmonize provincial/territorial securities regulation and promote coordination between regulators as a means of addressing some of the inefficiencies that arise from Canada's system of regulation.[5] However, these efforts have not included any meaningful reform of the separate fee regimes that have been developed for each of Canada's securities regulators. In fact, while promoting harmonization and coordination as an alternative to creating a national securities regulator, Canada's provincial and territorial authorities have expressly retained their ability to individually set and collect fees from the market participants that they regulate.[6] This system has endured despite longstanding concerns that the regulatory costs that are incurred by issuers and securities intermediaries threaten the competitiveness of Canada's markets and have disproportionate impacts on smaller companies.[7]

The purpose of this paper is to: provide an overview of the various fee categories and amounts that are collected by Canada's securities regulators within the context of Canada's provincial/territorial system of securities regulation; assess the problems that arise from Canada's disparate fee regimes; address the impacts of those regimes on Canada's fragmented securities markets and its ability to attract capital; and outline potential solutions which include national securities regulation and/or a consolidated fee regime.

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[1] E.g.: *Canadian Free Trade Agreement*, as amended (August 27, 2026); *Free Trade and Labour Mobility in Canada Act*, SC 2025, c 2, s 2; *One Canadian Economy Act*, S.C. 2025, c. 2. See also: One Canadian Economy - Canada.ca.

[2] Prime Minister Carney delivers opening remarks at the Canada Investment Summit | Prime Minister of Canada; and Canada Investment Summit 2026 - Canada.ca.

[3] E.g. In July 2026, the Ontario Minister of Finance announced Ontario's decision to join Canada's securities passport system, which was descried as "an important step toward greater regulatory harmonization across provinces and, importantly, a requisite step to removing outstanding interprovincial trade barriers and growing one Canadian economy". Minister Champagne meets with Provincial and Territorial Finance Ministers in Charlottetown, advances internal trade through key harmonization milestone - Canada.ca

[4] Dana Harris Porter, Report of the Royal Commission on Banking and Finance (Ottawa: 1964); Philip Anisman, Warren M.H. Grover, John L. Howard, and J. Peter Williamson, *Proposals for a securities market law for Canada* (Hull, Quebec: Consumer Affairs Canada, 1979, Vol. 1. at p. v-vi; Ontario Securities Commission, *Five Year Review Committee Final Report: Reviewing the Securities Act (Ontario)* (March 21, 2003) [the "**Five Year Review Committee Report**"] at pp. 29-31; Committee to Review the Structure of Securities Regulation in Canada, *Its Time* (December 2003) [the "**Wise Persons Committee Report**"] at pp. 1-10; and Crawford Panel on A Single Canadian Securities Regulator, *Blueprint for a Canadian Securities Commission* (June 7, 2006) at pp. 7, 11-14 and 29.

[5] This includes the introduction of the passport system and related rule harmonization.

[6] Provincial/Territorial Memorandum of Understanding Regarding Securities Regulation (2004) at s. 5.11.

[7] Five Year Review Committee Report, *supra* at pp. 29-30; Wise Persons Committee Report, *supra* at pp. 33-37; and International Monetary Fund, *Canada: Financial System Stability Assessment – Update,* IMF Country Report No. 08/59 (Washington, DC: International Monetary Fund, February 2008) at p. 38.

CANADA'S SYSTEM OF SECURITIES REGULATION AND FEE STRUCTURE

Canada's Securities Regulators

Canada's system of securities regulation includes 13 provincial and territorial securities regulators[8], which are each responsible for administering and enforcing provincial/territorial securities law within their respective jurisdictions.[9] Although differing in structure, each of these regulators has jurisdiction over firms and individuals conducting securities related business as well as issuers offering securities within their provincial/territorial boundaries.[10]

In addition, each provincial/territorial regulator has delegated regulatory functions to CIRO, which operates as a national SRO and is responsible for directly regulating investment dealers, mutual fund dealers, and their representatives.[11] Canada's provincial/territorial regulators oversee CIRO's operations and maintain overlapping jurisdiction over CIRO's dealer members and approved persons.

This system of securities regulation is unique to Canada. In addition to being the only developed country that maintains separate provincial/territorial regulators instead of a centralized national regulator, Canada is one of the only countries in the world that has a large member-based SRO that is responsible for regulating a significant portion of its securities markets.[12] No other country has developed a system of securities regulation that relies on this form of decentralized provincial/territorial regulation combined with centralized and national regulation at the SRO level.

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[8] Ontario Securities Commission; Autorité des marchés financiers; British Columbia Securities Commission; Alberta Securities Commission; Nova Scotia Securities Commission; Financial and Consumer Affairs Authority of Saskatchewan; Manitoba Securities Commission (Manitoba Financial Services Agency); Financial and Consumer Services Commission of New Brunswick; Superintendent of Securities Prince Edward Island; Office of the Superintendent of Securities, Newfoundland and Labrador; Superintendent of Securities, Northwest Territories; Superintendent of Securities, Yukon; and Superintendent of Securities, Nunavut.

[9] *Securities Act*, RSO 1990, c. S.5; *Securities Act*, 1982, c. 48; 2001, c. 38, s. 1; *Securities Act*, RSBC 1996, c 418; *Securities Act*, RSA 2000, c S-4; Securities Act, RSNS 1989, c 418; *Securities Act*, 1988, SS 1988-89, c S-42.2; *Securities Act*, R.S.M. 1988, c. S50; *Securities Act*, SNB 2004, c S-5.5; *Securities Act*, RSPEI 1988, c S-3.1*; Securities Act*, RSNL 1990, c S-13; *Securities Act*, SNWT 2008, c 10; *Securities Act*, SY 2007, c 16; *Securities Act*, SNu 2008,c 12.

[10] While some regulators operate as independent agencies focused on securities regulation alone, the majority of Canada's provincial/territorial regulators operate within a larger government departments or agencies and/or have a wider regulatory mandate that includes other industries/sectors. This includes the Autorité des marchés financiers; Financial and Consumer Affairs Authority of Saskatchewan; Manitoba Securities Commission; Financial and Consumer Services Commission of New Brunswick; Superintendent of Securities, Prince Edward Island; Office of the Superintendent of Securities, Newfoundland and Labrador; Superintendent of Securities, Northwest Territories; Superintendent of Securities, Yukon; and Superintendent of Securities, Nunavut.

[11] Canadian Investment Regulatory Organization, Recognition Order made under s. 21.1 and 144 of the Ontario *Securities Act*, RSO. 1990, c. S.5 [the "**CIRO Recognition Order**"].

[12] "Notably, regulation is not the primary function of a large majority of SROs, because most SROs are exchanges. Only a handful of "pure SROs" exist, such as [the Financial Investment Regulatory Association] in the US and IIROC in Canada. Their primary, if not sole, function is regulation." Other examples include the Japan Securities Dealers Association and South the Korean Financial Investment Association. John Carson, *Self-Regulation in Securities Markets*, The World Bank, Policy Research Working Paper 5542 (2011) at pp. 10-11 and 17. CFA Institute, *Self-Regulation in the Securities Markets: Transitions and New Possibilities* (2013) at pp. 13-22.

Regulators' Expenses

Canada's provincial/territorial securities regulators maintain separate staff and resources to fulfill their statutory mandates. According to its recognition orders, CIRO is also required to maintain offices and sufficient financial, technological, and human resources in every jurisdiction in which it operates.[13]

The costs expended by each regulator vary significantly based, in part, on the size of the market segment within their jurisdiction. For example, in the most recently reported year, the OSC's operating expenses exceeded $191 million.[14] Similarly, the BCSC's total operating expenses were over $89 million[15] and the Alberta Securities Commission's ("**ASC**") expenses exceeded $67 million[16]. In contrast, the operating expenses incurred by the securities division of the Financial and Consumer Affairs Authority of Saskatchewan ("**FCAA**") and the Nova Scotia Securities Commission ("**NSSC**") were around $3 million.[17]

In 2025-2026, CIRO incurred over $128 million is expenses to regulate its dealer members and approved persons. Despite the fact that CIRO has a narrower regulatory mandate, its operating expenses were higher than every provincial/territorial regulator with the exception of the OSC and their Autorité des marchés financiers ("**AMF**") in the most recent reported years.[18]

A summary of the costs incurred by each of Canada's securities regulators is included at Appendix "A".

Regulators' Sources of Funding

All of Canada's securities regulators collect fees from the market participants that they regulate. Some of Canada's provincial regulators operate as self-funded Crown corporations or agencies that are entirely dependent on revenue generated from market participants. This includes, for example, the OSC, the BCSC, the ASC, and the AMF.[19] CIRO also relies on fee-based revenue from its dealer members.[20]

In contrast, other provincial and territorial authorities operate within larger government departments and receive public funding for their operations, which is offset by fees collected from market participants. This includes, for example, the Superintendent of Securities for Newfoundland and Labrador and the Superintendent for Securities for Prince Edward Island.[21]

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[13] CIRO Recognition Order, *supra* at Schedule 1, Criteria for Recognition, s. 8(1) and (2).

[14] Ontario Securities Commission, Annual Financial Statements for the Fiscal Year ended March 31, 2026 at p. 120. Note that the AMF also had expenses exceeding $191 million but does not segment its expenses for securities regulation. Autorité des marchés financiers, Rapport Annuel, 2024-2025 at p. 112.

[15] Includes local and partnership expenses. British Columbia Securities Commission, 2025/2026 Annual Service Plan Report (August 2026), Consolidated Financial Statements for the Year Ended March 31, 2026 at p. 3.

[16] Alberta Securities Commission, Annual Report for 2026 at p. 34 and 49.

[17] Financial and Consumer Affairs Authority of Saskatchewan, Annual Report 2025/2026, Financial Statements for the year ended March 31, 2026, Note 11, p. 41. Nova Scotia Securities Commission, Annual Accountability Report for the Fiscal Year 2024-2025 at p. 4.

[18] As of March 31, 2026, CIRO's membership was comprised of 250 dealers and their approved persons. Canadian Investment Regulatory Organization Annual Report for the year ended March 31, 2026 at p. 59.

[19] Note, however, that the AMF receives isolated funding from the Quebec government on a project-specific basis.

[20] CIRO also collects fees from marketplaces and alternative trading system through its equity markets regulation fee model. CIRO Fee Model, Effective April 1, 2026 ("**CIRO Fee Model**").

[21] Other examples include: the Financial and Consumer Affairs Authority of Saskatchewan; the Financial and Consumer Services Commission of New Brunswick; the Superintendent of Securities, Northwest Territories; the Superintendent of Securities, Yukon; and the Superintendent of Securities, Nunavut.

Regulators' Fee Structures

The fees that Canada's securities regulators collect from market participants are detailed in separate rules, regulations, and schedules.[22] Although the structures that have been adopted by each regulator share common elements, there are significant differences in fee types, methodologies, and amounts charged.

i. Provincial/Territorial Fee Structures:

The fees collected by Canada's provincial/territorial securities regulators include the following fee types:

- **Registration Fees:** All provincial/territorial regulators collect fees from dealers, portfolio managers, and other market participants when submitting provincial/territorial registration applications. The amount that is charged by each regulator varies but is typically structured as a flat fee based on registration category. As a result, different provincial/territorial regulators charge different fee amounts for processing the same types of registration applications.[23]

- **Corporate Filings:** All provincial/territorial regulators collect fees from issuers in connection with various corporate filings. The types of filings that attract a fee and the amount of those fees differ between province/territory but typically include fees for prospectus and other distribution related filings. In most cases, regulators have adopted flat fees for prospectuses filings.[24] Other regulators have adopted modified approaches for specific offering types.[25] More significantly, the BCSC, ASC, AMF, and FCAA charge fees to issuers for prospectus filings that are calculated as a percentage of the gross proceeds realized by an issuer above a prescribed minimum amount.[26]

- **Annual Fees:** Provincial/territorial regulators charge annual fees to dealers, portfolio managers, and other registered firms. The amounts charged by each regulator are based on registration category but are typically structured as flat fees. In contrast, the OSC charges an annual fee to registered firms based on their gross revenue attributable to capital markets activities in Ontario. According to the OSC, this is intended to measure a firm's size, which is used as a proxy for its proportionate use of Ontario's capital markets and the benefits derived therefrom.[27]

  The OSC and the ASC also charge annual participation fees to corporate issuers, which are calculated based on each issuer's market capitalisation for the previous year.[28]

Other fees charged by provincial and territorial securities regulators include fees for exemption applications and late filings as well as Canadian Securities Administrators national system filing fees.[29]

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[22] Regulatory Fees - Canadian Securities Administrators

[23] For example, dealer registration fees range from $700 (*Securities Regulation*, Man Reg 491/88 R at Schedule "A") to $2,500 (*Securities Regulation*, B.C. Reg. 196/97 at Part 7).

[24] For example, the fee for a proforma prospectus filings ranges from $850 (*Securities Act*, RSNL 1990 S-13, Fee Schedule at s. 3) to $3,800 (OSC Rule 13-502, *Fees* at Appendix F).

[25] E.g.: Some regulators have adopted modified fees for distributions involving natural resource and mining projects. *Securities Act*, RSNL 1990 S-13, Fee Schedule at s. 3(2); and NSSC Rule 11-501, *Amendments to the General Securities Rules*, Appendix A.

[26] *Securities Regulation*, B.C. Reg. 196/97 at Part 7; ASC Rule 13-501, *Fees*, at Part 4; *Securities Regulation*, chapter V-1.1, r. 50 at s. 268; and *Securities Regulations*, Chapter S-42.2 Reg 1, Appendix A.

[27] OSC Rule 13-502, *Fees* at Part 3; OSC Companion Policy 13-502, *Fees* at s. 3(2); and Participation fees | OSC.

[28] OSC Rule 13-502, *Fees* at Part 6; and ASC Rule 13-501, *Fees*, at Part 5.

[29] Ontario Securities Commission, Multilateral Instrument 13-102, *System Fees*.

ii. CIRO Fee Model

CIRO's dealer-member fees are detailed in a consolidated fee model[30] and include the following:

- **Entrance Fees:** CIRO collects entrance fees from investment dealers and mutual fund dealers as part of the membership application process.[31] The amount charged depends on the dealer-member application type. CIRO may also require an applicant to reimburse the corporation where the nature of the applicant's business, financial condition, or conduct and/or the completeness of the application has required CIRO to expend excessive resources in its review.[32]

- **Underwriting Levies:** CIRO collects underwriting levies from its dealer members based on their proportionate participation in any distribution of securities in Canada.[33] This fee is calculated as a percentage of the aggregate principal amount of a covered offering.

- **Annual Fees:** CIRO collects annual fees from its Dealer Members, which are calculated as the aggregate of: (a) an 'approved person fee component'; and (b) a 'revenue component' which is determined by matching the firm's total revenue for the previous year to a corresponding fee rate.[34] CIRO's membership fee is designed to reflect a dealer's *pro rata* share of CIRO's annual cost for dealer member regulation. According to CIRO, revenue provides a simple and consistent indicator of a firm's size and impact and ensures that firms which obtain the greatest benefits from CIRO's regulation pay the largest proportion of CIRO's costs.[35]

Additional dealer-member fees include exemption fees, late fees, and penalties. CIRO also collects fees from marketplaces and alternative trading system through its equity markets regulation fee model.[36]

Regulators' Fee Revenue

The amount of annual fee-based revenue that is generated by each regulator varies based on fee structure, market size, and market activity. For example, in the most recently reported year, the OSC generated over $179 million in fee-based revenue.[37] Similarly, the AMF generated $123 million[38], the BCSC generated over $90 million[39], and the ASC generated $64 million[40] in fees. In contrast, the FCAA, the Manitoba Securities Commission ("**MSC**"), and the Financial and Consumer Services Commission of New Brunswick ("**FCNB**") each generated around $20 million in fees.[41]

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[30] CIRO Fee Model, *supra*.
[31] *Ibid* at s. 1 and 2.
[32] Amended and Restated By-Law No. 1 of the Canadian Investment Regulatory Organization at s. 3.5(4).
[33] CIRO Fee Model, *supra* at s. 13, 14, and 15.
[34] With roughly 109,500 Approved Persons, CIRO's $300 Approved Person component generates $32.9 million annually. CIRO Fee Model, *supra* at s. 4, 5 and 6.
[35] CIRO, Proposed Integrated Fee Model (April 25, 2024).
[36] CIRO Fee Model, *supra* at ss. 21 to 28.
[37] Ontario Securities Commission, Annual Financial Statements for the Fiscal Year ended March 31, 2026 at p. 120.
[38] Autorité des marchés financiers, Rapport Annuel, 2024-2025 at p. 112.
[39] Total of prospectus, registration, financial filing, derivatives, and national system user fees. British Columbia Securities Commission, 2025/2026 Annual Service Plan Report (August 2026), Consolidated Financial Statements for the Year Ended March 31, 2026 at p. 3.
[40] Alberta Securities Commission, Annual Report for 2026 at p. 35.
[41] Securities division revenue - Financial and Consumer Affairs Authority of Saskatchewan, Annual Report 2025/2026, Financial Statements for the year ended March 31, 2026, Note 12, p. 41. Fees - Manitoba Financial Services Agency,

In 2026, CIRO collected over $122 million in fee-based revenue from its 250 dealer members. Again, despite having a narrower mandate, CIRO's fee-based revenue exceeded that of every provincial/territorial regulator with the exception of the OSC and the AMF.[42]

It is not uncommon for Canada's securities regulators to generate a revenue surplus from fee-based revenue in a given year.[43] This has resulted in some regulators generating substantial operating reserves.[44] The excess revenue that is generated by other regulators forms part of each province or territory's consolidated revenue.

A summary of the fee-based revenue generated by each of Canada's securities regulators and related surpluses is included at Appendix "A".

Proportional Reliance on Fee Type

Based on market characteristics, fee types, and methodologies, some regulators derive substantially more of their fee-based revenue from particular fee types. For example, in 2025, 86% of the OSC's revenue was derived from annual participation fees collected from issuers and registrants, which reflects the OSC's practice of charging annual fees based on market capitalisation and gross revenue.[45] Similarly, in 2025-2026, 83% of CIRO's dealer regulation revenue was derived from annual membership fees, reflecting CIRO's practice of calculating membership fees based on gross revenue.[46] In contrast, in 2026, 57% of the BCSC's overall fee-based revenue was derived from corporate filing, which reflects the BCSC's practice of charging distribution fees based on gross proceeds.[47]

PROBLEMS WITH CANADA'S FEE STRUCTURE

As a product of Canada's system of securities regulation, the fee regimes and related practices that have been developed by each regulator give rise to a number of significant problems. As discussed below, this system suffers from a lack of harmonization and coordination, an inconsistent adherence to the concept of cost recovery, overlapping and duplicative fees, and a general lack of accountably among regulators.

Annual Report 2024/2025 at p. 32; and Fees - Financial and Consumer Services Commission of New Brunswick, Annual Report, 2024-2025 at p. 77.

[42] Includes revenue from dealer regulation but does not include revenue from market regulation or other revenue. Canadian Investment Regulatory Organization, Annual Report for the Fiscal Year Ended March 31, 2026, at p. 58.

[43] E.g.: In the most recently reported year, the MSC and the NSSC both generated surpluses exceeding $20 million. Manitoba Financial Services Agency, Annual Report 2024/2025 at p. 32; and Nova Scotia Securities Commission, Annual Accountability Report for the Fiscal Year 2024-2025 at p. 4. Although the AMF's revenue includes revenue from other sources, it recently generated a surplus that exceeded $147 million. Autorité des marchés financiers, Rapport Annuel, 2024-2025 at p. 113.

[44] E.g. According to the most recent reports, the AMF holds over $282 million, the ASC holds over $148 million, the Manitoba Securities Commission holds over $147, and the OSC holds over $141 in accumulated reserves. See: Autorité des marchés financiers, Rapport Annuel, 2024-2025 at p. 112-113; Alberta Securities Commission, Annual Report for 2026 at p. 34; Manitoba Financial Services Agency, Annual Report 2024/2025 at p. 32; Ontario Securities Commission, Annual Financial Statements for the Fiscal Year ended March 31, 2026 at p. 119.

[45] As of the date of this publication, the OSC's 2025-2026 Annual Report has not been released. Ontario Securities Commission, Annual Report for 2024-2025 at p. 90.

[46] Canadian Investment Regulatory Organization, Annual Report for the Fiscal Year Ended March 31, 2026, at pp. 19 and 58.

[47] British Columbia Securities Commission, 2025/2026 Annual Service Plan Report (August 2026) at p. 19.

Lack of Harmonization and Coordination

Canada's securities regulators have developed their own fee structure in isolation from one another. On a national level, this has contributed to a patchwork system of inconsistent regulatory fee structures characterized by, for example, regulators:

- Charging fees to market participants for different functions;
- Charging different flat fees for the same fee type;
- Adopting different methodologies for the same fee type; and
- Relying disproportionately on fees generated from different market participants.

Some of the fees that are charged by Canada's regulators are comparable to fees charged by securities regulators in other countries. For example, the methodology used to calculate the OSC and the ASC's annual participation fees for issuers resembles the Australian Securities and Investments Commission's funding levy and the UK Financial Conduct Authority's ("**FCA**") annual fee for corporate issuers, which are based on market capitalisation.[48] Similarly, the OSC's annual participation fee for registered firms resembles the FCA's annual fee for advisors, dealers, and brokers, which are based on gross annual income.[49] Further, the distribution fees charged by the AMF and other regulators are comparable to the US Securities and Exchange Commission's ("**SEC**") "transaction fees" which are calculated based on the aggregate amount of a securities transaction.[50]

However, on the whole, there is no clear rationale or throughline in Canada's fee regime. In contrast, each regulatory authority appears to have cherrypicked elements of their fee regimes from other jurisdictions with little consistency or coordination. This system creates a lack of transparency and predictability for market participants and has been maintained with little to no consideration for the aggregate impact on Canada's securities markets.

Inconsistent Adherence to Cost Recovery

Some of Canada's securities regulators self-describe as operating on a 'cost-recovery' model, which implies that the fees collected by those regulators reflect the actual costs that are incurred by each regulator in carrying out its mandate. However, it is unclear whether and to what extent this concept is followed by all of Canada's securities regulators.

For example, when the OSC became a fully self-funded corporation, it committed to reduce the fees that it collects from market participants to more closely match the expenditures that it incurs.[51] According to a memorandum of understanding between the OSC and Ontario Minister of Finance, the OSC's rules should "reflect the budgeted expenses and expenditures of regulation and the reasonable cost of the

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[48] See "listed corporations" subsector. Australian Securities and Investment Commission, *Industry Funding Annual Return, Business Activity Meric Checklist,* 2025-2026. See Fee Block E. Financial Conduct Authority, Policy Statement PS26/14, *FCA Regulated Fees and Levies 2026/27: Feedback on CP 26/11 and made rules* (July 2026); and Financial Conduct Authority, Policy Statement PS25/8, *FCA Regulated Fees and Levies 2026/27: Feedback on CP 25/7 and made rules* (July 2025).

[49] Financial Conduct Authority, FCA Handbook – Fees 4, Annex 1A (2006).

[50] *Securities Exchange Act* of 1934, Pub. L. 73-291, 48 Stat. 881, 15 U.S.C. § 78 at s. 31.

[51] (2001) 24 OSCB 1971.

Commission's operations".[52] Consistent with this directive, the OSC describes its "activity fees" as being designed to recover the average cost of OSC staff resources used to review registration applications and corporate filings.[53] Separately, the OSC's annual fees are described as having been designed to recover costs for regulatory functions that are not easily attributable to any specific activity.[54]

Similarly, CIRO is required to operate on a cost recovery basis and ensure that its fees are "equitably allocated", "proportionate to members' activities", and do not have the effect of creating "unreasonable barriers to market access".[55] Other regulators such as the ASC[56] and the AMF[57] have made passing references to cost recovery.

However, many of Canada's regulatory authorities make no reference to cost-recovery and do not appear to follow this principle with any discipline. As noted above, several regulators have generated substantial reserves.[58] Other regulators generate annual revenues that far exceed the costs of local regulation. For example, in 2025, the NSSC generated over $23 million in fee-based revenue with total operating expense of just $3.2 million.[59] Similarly, in 2026, the FCAA's securities division generated over $22 million in revenue but incurred only $3 million in expenses.[60]

The surplus revenue that is generated by many provincial/territorial regulators is used to offset the costs of regulating other industry sectors and/or is transferred to the province/territory's consolidated revenue fund.[61] This includes those regulators that operate within larger government departments and/or with wider regulatory mandates. In provinces with this structure, it is unclear whether regulatory fees are set with reference to the costs of securities regulation or are simply treated as a form of tax to offset each province's general operating expenses.

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[52] Memorandum of Understanding Between Minister of Finance and Chair of the Ontario Securities Commission (September 2025) at s. 14.2(e).

[53] Activity fees | OSC; and OSC CP 13-502, at s. 6.

[54] OSC CP 13-502, at s. 3(2).

[55] CIRO Recognition Order, *supra* at s. 4.

[56] E.g. ASC News Release, *ASC to Engage its New Fee Rule* (2016); and ASC Notice and Request for Comment, *Proposed ASC Rule 13-501, Fees* (2015).

[57] E.g. Regulation to amend the Securities Regulation and Regulation to amend the Tariffs for costs and fees payable in respect of derivatives – Recalibration of AMF Fees (2025).

[58] E.g. Autorité des marchés financiers, Rapport Annuel, 2024-2025 at p. 112-113; Alberta Securities Commission, Annual Report for 2026 at p. 34; Manitoba Financial Services Agency, Annual Report 2024/2025 at p. 32; Ontario Securities Commission, Annual Financial Statements for the Fiscal Year ended March 31, 2026 at p. 119.

[59] Nova Scotia Securities Commission, Annual Accountability Report for the Fiscal Year 2024-2025 at p. 4.

[60] Financial and Consumer Affairs Authority of Saskatchewan, Annual Report 2025/2026, Financial Statements for the year ended March 31, 2026, p. 41. Other examples include the Manitoba Securities Commission (a division of the Manitoba Financial Services Agency), which generated over $19 million in revenue (corporate finance and registration fees) as compared to the Manitoba Financial Services Agency's total operating expenses of roughly $6 million in 2025. Similarly, the securities division of the FCNB generated over $19 million in revenue as compared to the securities division's total operating expenses of just $1.4 million. Manitoba Financial Services Agency, Annual Report 2024/2025 at pp. 23 and 32; Financial and Consumer Services Commission of New Brunswick, Annual Report, 2024-2025 at p. 102.

[61] E.g.: The FCNB is responsible for administering and enforcing a wide range of statutes. In 2025, the securities division of the FCNB generated over $19 in revenue, which was used to offset the FCNB's general operating expenses. FCNB then transferred $10 million of remaining surplus revenue to the province's consolidated revenue fund. *Ibid.* Financial and Consumer Services Commission of New Brunswick, Annual Report, 2024-2025 at p. 102.

Overlapping and Duplicative Fees

Canada's regulatory structure requires market participants to pay overlapping and duplicative fees to separate securities regulators. For example, issuers offering securities and firms conducting securities related business across Canada are required to pay fees to 13 provincial/territorial regulators. Similarly, firms registered as investment dealers and mutual fund dealers are required to pay fees to provincial/territorial regulators as well as to CIRO. Although some fees charged by Canada's regulators resemble the fee types and methodologies used by regulators in other countries, Canada is the only developed country without a national securities regulator and, as a consequence, it is the only country that maintains multiple securities regulators with separate fee schedules.

Although the Passport System has simplified the registration and filing process, it has not reduced the duplicative fees that are paid to regulators across Canada. In fact, from a cost recovery perspective, the Passport System highlights the inefficiency of Canada's fee regime. Under this system, multijurisdictional applications and filings are reviewed by a single "principal regulator" and, if approved, adopted by other provincial/territorial regulators. However, despite the fact that only one regulator is actually responsible for reviewing an application, multiple regulators continue to collect fees for the same application review.

The limitations of the Passport System are further exemplified by the following overlapping and duplicative fees charged to market participants in Canada:

- **Issuer Participation Fees:** The OSC and the ASC both collect annual "participation fees" from corporate issuers which are calculated based on an issuer's market capitalisation for the previous year. The methodologies adopted by the OSC and the ASC do not include any geographic limitations meaning that these fees do not just reflect the use and benefits that an issuer derives from *Ontario and/or Alberta's* capital markets but includes equity value that may be held by investors across Canada. From this perspective, the OSC and the ASC both charge a participation fee to issuers for the "benefit" of accessing *Canada's* securities markets.

- **Registrant Participation Fees:** The OSC collects a "Capital Markets Participation Fee" from investment dealers and mutual fund dealers, which is based on a firm's gross revenue attributable to capital markets activities in Ontario. Similarly, CIRO collects an annual fee from its dealer members based on a firm's total revenue across Canada, which necessarily captures the firm's gross revenue in Ontario. As a result, investment dealers and mutual fund dealers in Ontario are required to pay two annual fees that capture the firm's use of Ontario's markets.

- **Registration and Membership Fees:** On April 1, 2026, CIRO assumed responsibility for reviewing and approving all provincial/territorial registration applications for investment dealers, mutual fund dealers, and their representatives.[62] As a result, CIRO is responsible for reviewing provincial registration applications as well as CIRO membership applications.[63] While some regulators have

[62] Prior to that time, provincial and territorial regulators had delegated registration function to CIRO and its predecessors on a piecemeal basis. Delegation of additional registration functions to CIRO | Canadian Investment Regulatory Organization

[63] According to the CSA, the purpose of doing so was to "create efficiencies and reduce regulatory burden by providing certain market participants with a single and centralized registration process". CSA News Release, *Canadian Securities Regulators Explore Streamlining Registration Delegation to the Canadian Investment Regulatory Organization* (2024).

adjusted their fee schedules in acknowledgement of this delegation[64], it appears that other regulators continue to collect registration fees from CIRO members despite the fact that they are no longer responsible for reviewing registration applications. This practice is unique to Canada and differs from the system adopted in the United States, which does not maintain dual "registration" and "membership" obligations as between the SEC and the Financial Industry Regulatory Association.

Lack of Accountability

All of Canada's provincial/territorial regulators are accountable to their provincial/territorial legislatures through separate provincial/territorial ministries. Within this system, the financial plans and budgets of each regulator are reviewed and approved by a separate provincial/territorial ministry based on the regulator's needs and the local government's expectations. However, as noted above, Canada's largest securities regulators are entirely self-funded, meaning that the budgets of those regulators are not drawn from the 'public purse'. This, in turn, raises concerns with respect to the level of scrutiny that is applied by each minister when reviewing a regulator's budget and anticipated fee-based revenue.

The process by which each regulator's fee rules are reviewed varies. While some regulators have adopted standardized schedules and principles for the review and adjustment of their fees, others review their fee rules or regulations on *an ad hoc* basis and with no reference to any guiding principles.[65] Depending on the jurisdiction, amendments to local fee rules or regulations will require ministerial approval or Cabinet direction and may trigger a public consultation. However, these processes are inherently local in nature and are initiated by each province/territory in isolation. As a result, the fees that are charged by Canada's securities regulators are reviewed and adjusted on an inconsistent and piecemeal basis with no consideration for the collective impact of these fees on Canada's markets.[66]

The net result is a highly diffuse and decentralized system of accountability, that relies on 13 separate provincial/territorial ministries to ensure that each regulator functions on a cost-effective basis and that the fees collected from market participants are fair, proportionate, and accurately reflect the costs or regulation. This system differs from other countries that have adopted a centralized/national regulator and consolidated fee regime for all market participants.[67]

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[64] E.g.: Regulation to amend the Securities Regulation and Regulation to amend the Tariffs for costs and fees payable in respect of derivatives – Recalibration of AMF Fees (2025); and ASC announces temporary fee coordination approach with CIRO to keep registration costs neutral | ASC. Other regulators have entered into Revenue Sharing Agreements with CIRO. However, those agreements are not publicly available and the details of how registration fees are split between regulators and CIRO have not been disclosed.

[65] This including, for example, the OSC, which reviews its rule regime on a three-year basis.

[66] For example, in In April 2026, OSC published a proposed amendments to its fee rules that would increase the OSC's annual fee-based revenue by approximately $16 million. OSC Notice and Request for Comment – Proposed Amendments to OSC Rule 13-502 Fees, OSC Rule 13-503 (Commodity Futures Act) Fees and Proposed Changes to Their Companion Policies (2026), 49 OSCB 4031. Separately, in June 2026, the BCSC published its own proposed amendments that would increase the BCSC's annual fee-based revenue by approximately $8 million. BC Notice 2026/06, *Consultation on Proposed Fee Changes* (June 24, 2026).

[67] Australia, for example, funds the Australian Securities and Investments Commission (ASIC) through a national cost recovery system. Australian Securities and Investments Commission, "Cost Recovery Implementation Statement," accessed September 16, 2026, https://www.asic.gov.au/about-asic/what-we-do/how-we-operate/asic-industry-funding/cost-recovery-implementation-statement.

IMPACTS OF CANADA'S FEE STRUCTURE

Canada's system of provincial and territorial securities regulation has resulted in a convoluted and disjointed fee structure for issuers, dealers, and other market participants. As noted above, this system suffers from a lack of harmonization and coordination, overlapping and duplicative fees, an inconsistent adherence to cost-recovery, and a general lack of accountability. These deficiencies cause issuers and intermediaries to incur unnecessary fees, which negatively impacts those firm as well as Canadian investors, in the form of higher prices and fewer investment and advice options.

In addition, as a symptom of Canada's provincial and territorial approach to securities regulation, the disparate fees that are charged by Canada's securities regulators also contribute to the fragmentation of Canada's securities markets. By charging separate and overlapping fees based on different methodologies, Canada's provincial and territorial regulators may disincentivize smaller issuers from offering securities across Canada. Similarly, apart from the largest institutions, this system may disincentivize dealers, advisors and other intermediaries from providing investment advice and other services across Canada. In other words, the patchwork fee system that has been developed to finance the operations of each provincial/territorial regulator creates barriers to entry and disincentivizes capital formation and the provision of securities services on a national level. This, in turn, impacts the attractiveness and competitiveness of Canada's securities markets from a global perspective.

RECOMMENDATIONS

In order to promote a single Canadian economy, eliminate interprovincial barriers, and increase Canada's competitiveness, Canada's fee structure should be designed to *incentivize* capital formation and securities businesses across provinces and to *encourage* domestic and foreign investment.

These goals would best be achieved through the creation of a national securities regulator with a unified financial structure and a single fee schedule for all market participants. Indeed this is one of the many benefits that was offered by the federal government's proposed "cooperative" Capital Markets Regulatory Authority and serves as example of why that project should be revitalized. However, in the interim, Canada's fee regime should not be held hostage by the inertia surrounding the debate on national securities regulation.

In the absence of a national regulator and in light of the federal government's laudable goal of building a "one Canadian economy" it is incumbent on Canada's policymakers to reform existing regulatory practices by creating a consolidated fee regime, focused on eliminating redundant fees and simplify existing fees categories at a net reduction for market participants. At a minimum, regulators must stop collecting fees for services they have not rendered and stop collecting duplicative fees from interprovincial issuers and intermediaries. Regulators must also adopt a consistent approach to cost-recovery by recognizing that the fees collected from market participants ought to correspond to the actual cost of regulation and should not be treated as a form of provincial revenue. To promote accountability, Canada's fee regime must be regularly reviewed to assess its costs and benefits on a national level.

These reforms will necessarily require active coordination between federal, provincial, and territorial policymakers and CIRO to reduce regulatory costs and improve regulatory efficiencies. While this may be a difficult proposition for some regulators, it is only through substantive reform that Canada's fee structure can be meaningly improved. This, in turn, will allow businesses to expand, enhance consumer choice, and promote open, efficient, and competitive markets in Canada.

APPENDIX "A"
FINANCIAL OVERVIEW OF SECURITIES REGULATORS

Regulator	Revenue		Expenses		Surplus	
	Fee Based	Total	Securities Regulation	Total	Annual	Running
Ontario Securities Commission[68]	$179,796,000	$184,914,000	$191,901,000	$191,901,000	$1,667,000	$141,115,000
British Columbia Securities Commission[69]	$90,559,196	$95,138,845	$89,952,028	$89,952,028	$5,186,817	$122,665,388
Alberta Securities Commission[70]	$64,239,000	$68,209,000	$67,422,000	$67,422,000	$787,000	$148,161,000
Autorité des marchés financiers[71]	$123,080,000	$338,521,000	NA	$191,188,000	$9,396,000	$282,096,000
Manitoba Securities Commission[72]	$19,678,000	$30,157,000	NA	$6,036,000	$24,121,000	$147,751,000
Financial and Consumer Affairs Authority of Saskatchewan[73]	$22,106,926	$31,002,762	$3,036,959	$11,516,291	$19,486,471	NA
Financial and Consumer Services Commission of New Brunswick[74]	$19,403,018	$27,574,849	$1,402,140	$17,064,462	$10,510,387	$5,000,000
Nova Scotia Securities Commission[75]	NA	$23,725,000	$3,241,000	$3,241,000	$20,484,000	NA
Superintendent of Securities - Newfoundland and Labrador[76]	NA	NA	NA	$37,200,000	NA	$114,300,000
Superintendent of Securities, Prince Edward Island[77]	$7,768,000	$7,768,000	$863,496	$85,567,949	NA	NA
Superintendent of Securities, Northwest Territories[78]	NA	NA	NA	$148,867,000	NA	NA
Superintendent of Securities, Yukon[79]	NA	NA	NA	$271,760,000	NA	NA
Superintendent of Securities, Nunavut[80]	NA	NA	NA	$180,860,000	NA	NA
CIRO[81]	$ 122,440,000	$ 181,566,000	$128,337,000	$178,559,000	$3,007,000	$141,872,000

68 Ontario Securities Commission, Annual Financial Statements for the Fiscal Year ended March 31, 2026 at p. 120.
69 British Columbia Securities Commission, Consolidated Financial Statements for the Year Ended March 31, 2026 at p. 3.
70 Alberta Securities Commission, Annual Report for 2026 at pp. 48-50.
71 Surplus does not include fonds d'assurancedépôts Réel. Autorité des marchés financiers, Rapport Annuel, 2024-2025 at p. 112.
72 "Fee-based revenue" includes corporate finance and registration fees only. Manitoba Financial Services Agency, Annual Report 2024/2025 at p. 23-24, 32.
73 Revenue and expenses are from securities division segmented disclosure. Surplus is for entire authority. Financial and Consumer Affairs Authority of Saskatchewan, Annual Report 2025/2026, Financial Statements for the year ended March 31, 2026, Note 11 and 12, pp. 41.
74 Financial and Consumer Services Commission of New Brunswick, Annual Report, 2024-2025 at pp. 77 and 102.
75 Nova Scotia Securities Commission, Annual Accountability Report for the Fiscal Year 2024-2025
76 Digital Government Services NL, Annual Report, 2024-2025 at p. 6.
77 Public Accounts of the Province of PEI, Vol. II, Operating Fund Financial Statements, Details of Revenues and Expenditures (2025) at pp. 86, 89, 141 and 146.
78 Government of Northwest Territories, Consolidated Budget (2024-2025) at Appendix F.
79 Community Services, Yukon, Main Estimates (2025-2026).
80 Department of Finance, Nunavut, Main Estimates (2025-2026) at pp. 6-4 and 6-5,
81 Costs for securities regulation is comprised of investment dealer and mutual fund dealer regulation expenses only. Canadian Investment Regulatory Organization *Annual Report 2025-2026* at pp. 78-81.