

ONTARIO SECURITIES COMMISSION ADOPTS NEW FEE SCHEDULE



SECURITIES LEGAL ALERT

APRIL, 2003

On March 31, 2003, the Ontario Securities Commission (the "OSC") adopted Rule 13-502 - Fees (the "Rule"). The Rule implements a new fee structure which completely changes the fees that are payable by Ontario market participants to the OSC. There are two types of fees payable under the Rule, participation fees which must be paid annually and transaction fees which are to be paid in relation to certain activities.

**THERE ARE TWO TYPES
OF FEES PAYABLE UNDER
THE RULE,
PARTICIPATION FEES
WHICH MUST BE PAID
ANNUALLY AND
TRANSACTION FEES.**

PARTICIPATION FEES

GENERAL

Reporting issuers, registrants and mutual fund managers in Ontario will all be required to pay participation fees annually.

For reporting issuers, the participation fee will replace most of the continuous disclosure filing fees. The new fee contains a graduated schedule of corporate finance participation fees, which, for a reporting issuer, is calculated using the reporting issuer's capitalization derived from the formula in the Rule. The minimum participation fee payable for an Ontario reporting issuer is \$1,000 (based upon a

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market capitalization of up to \$25 million). A prescribed form is also required to be filed at the time the fee is paid.

TIME OF PAYMENT

Generally speaking, a reporting issuer is required to pay the participation fee no later than the date on which its annual financial statements are required to be filed.

A person or company that becomes a new reporting issuer is required to pay the participation fee at the time they become a reporting issuer.

A reporting issuer formed from a statutory amalgamation or arrangement will not be considered a new reporting issuer for the purposes of calculating the participation fee.

Issuers who are already reporting issuers when the Rule came into force on March 31, 2003, will pay an initial participation fee no later than 90 days from March 31, 2003. This "transitional fee" must be paid for the remainder of the reporting issuer's current financial year.

ACTIVITY FEES

A person or company that files a document or takes a specific action listed in the Rule must pay the required activity fee concurrently with the filing or action. There are less activities which require specific

fees than under the old regime, but the process remains essentially the same.

There are activity fees for filing certain documents and engaging in specified activities including, among other things: prospectus filings; exempt distributions; filing a rights offering circular; applications for discretionary relief; filing take-over bid and issuer bid documents; filing an annual information form; certain registrant related activities and for certain notices and requests.

A person or company that is late in paying the prescribed fees is subject to additional late filing fees.

FURTHER INFORMATION

Further information relative to these changes can be obtained from any of the lawyers in our Securities Practice Group.

THE FINE PRINT

This legal alert is intended to provide general information concerning developments in the law and is not intended to provide legal advice in respect of any particular situation.