

DAWN OF A NEW AGE FOR CANADIAN CAPITAL MARKETS INFORMATION

Posted on May 14, 2019

Categories: [Insights](#), [Publications](#)

On May 2, 2019, the Canadian Securities Administrators (the “**CSA**”) set out next steps for a new, integrated national information and filing system (the “**Renewed System**”). The Renewed System is expected to replace the currently existing:

- System for Electronic Document Analysis and Retrieval (“**SEDAR**”)
- System for Electronic Disclosure by Insiders (“**SEDI**”)
- National Registration Database (“**NRD**”)
- Cease-Trade Order Database (“**CTO**”)
- National Registration Search (“**NRS**”)
- Disciplined List (“**DL**”)
- Various local records filing systems

The modernized system is a welcome advancement that seeks to create a one-stop shop for Canada’s capital markets filings. The CSA expects that once implemented, the single-window access Renewed System will offer improved security compared with the existing systems, the filing process will be more uniform, and the Renewed System will enforce modern access controls and expand public search functionality.

In connection with the proposed Renewed System, the CSA published two Notices and Requests for Comments on May 2, 2019. The first, Proposed Repeal and Replacement of Multilateral Instrument 13-102 – *System Fees for SEDAR and NRD proposes*, among other things, to revise securities legislation to implement a flat-fee model, replacing the current system where fees are calculated based on the number of jurisdictions where documents are filed. The revisions were designed to reduce annual system fees by \$1.7 million (approximately 7% of total system fees collected by the CSA), minimize fee changes, particularly for smaller filers, simplify the fee design and add new fees for significant new services. Overall, this is expected to reduce costs for securities regulators and the administrative burden for market participants. The CSA projects that approximately 45% of market participants will experience no change or see fee decreases.

New fees being introduced include a new system fee for notices of reliance on the international dealer or

adviser registration exemption in National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Obligations*, which are currently not subject to a system fee. International dealers and advisers will not be required to file the notices using the Renewed System until a future phase of implementation. System fees will also be imposed for reports of exempt distribution (Form 45-106F1), which in Ontario and British Columbia are currently filed via local filing systems and are not subject to a system fee (in other jurisdictions in Canada the reports are filed via SEDAR). “Pre-filings” and “applications” (as defined in the proposed repeal and replacement of Multilateral Instrument 13-102 – *System Fees for SEDAR and NRD*) submitted through the Renewed System will also incur fees. The CSA projects that approximately 34% of market participants will see fee increases up to \$100, largely because of the proposed fees for exempt trade reports, and approximately 20% of participants will see fee increases of to \$1,000. Only 1% of filers are projected to see fee increases over \$1,000.

The second, Proposed National Systems Renewal Program Rule and Related Amendments, proposes to revise securities legislation to implement the Renewed System by requiring filers to electronically transmit all documents to regulators through the Renewed System. Certain exceptions to the proposed National Instrument 13-103 – *System Replacement Rule* would be available, including documents that are delivered in connection with a hearing, compliance review or investigation, or those that are filed infrequently.

The CSA anticipates launch of the first phase of the Renewed System to be in early 2021, with three other phases to follow thereafter. The first phase will replace systems related to issuer filings, such as SEDAR, CTO, DL, and certain other filings systems. Later phases will replace systems related to filings made by other market participants, such as SEDI, NRD, NRS and remaining local filing systems.

The Request for Comments of the CSA described above are open until July 31, 2019.

Please contact a member of McMillan’s Capital Markets and M&A Group if you have any questions with respect to any of the above information.

by Leila Rafi and Kelly Kan

A Cautionary Note

The foregoing provides only an overview and does not constitute legal advice. Readers are cautioned against making any decisions based on this material alone. Rather, specific legal advice should be obtained.

© McMillan LLP 2019