



**BY EMAIL:** [comments@osc.gov.on.ca](mailto:comments@osc.gov.on.ca) and [consultation-en-cours@lautorite.qc.ca](mailto:consultation-en-cours@lautorite.qc.ca)

**February 19, 2025**

British Columbia Securities Commission  
Alberta Securities Commission  
Financial and Consumer Affairs Authority of Saskatchewan  
Manitoba Securities Commission  
Ontario Securities Commission  
Autorité des marchés financiers  
Financial and Consumer Services Commission, New Brunswick  
Nova Scotia Securities Commission  
Financial and Consumer Services Division, Justice and Public Safety, Prince Edward Island  
Office of the Superintendent of Securities, Newfoundland and Labrador  
Office of the Superintendent of Securities, Northwest Territories  
Office of the Yukon Superintendent of Securities  
Office of the Superintendent of Securities, Nunavut

The Secretary  
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**Re: CSA Notice and Request for Comment - Proposed Amendments to Multilateral Instrument 13-102 System Fees**

Dear Sirs/Mesdames,

Thank you for the opportunity to provide our comments to the Canadian Securities Administrators (the “**CSA**”) with respect to the proposed amendments (the “**Proposed Amendments**”) to Multilateral Instrument 13-102 *System Fees* (“**MI 13-102**”).

Fidelity Investments Canada ULC (“**Fidelity**”, “**we**”, “**us**”, “**our**”) is the second largest mutual fund company in Canada. As at January 31, 2025, Fidelity managed over \$292 billion (CAD) in retail mutual funds, exchange traded funds and institutional assets. For over 75 years, including 38 years in Canada, Fidelity has put investors first by working hard to help them achieve their financial goals.

We recognize the importance of investing in the security and efficiency of the CSA's technology systems to ensure the proper functioning of Canada's capital markets. However, we urge the CSA to carefully consider the impact of the Proposed Amendments on the industry and the ongoing operational challenges with SEDAR+ before placing the burden of increased system fees on industry participants. We respectfully submit the following comments for the CSA's consideration.

### *Impact of increased system fees*

The CSA proposes a 60% system fee increase, followed by annual increases of 3% in each of the following four years. For Fidelity, based on our current system fees, we estimate that the increase will exceed approximately \$130,000 in the first year for SEDAR+ and National Registration Database system fees. We note that this is a striking increase when compared with the CSA's statement that the "increase will be less than \$2,500 for 95% of filing and registrant organizations and less than \$1,000 for 85% of filing and registrant organizations, in the first year."

We understand that system fees have remained stable in recent years, however we believe that the CSA has a responsibility to take a more proactive approach to addressing the increasing costs associated with maintaining its systems. A 60% increase in one year is a disruptive change, which could be mitigated through more gradual fee increases over a longer period.

We also find it difficult that the CSA can justify such a steep increase in fees when the performance of its new system SEDAR+ has not delivered on its expectations of enhanced usability. Ongoing technical issues have caused operational disruptions which have already led to increased costs for the industry. For our team, it has caused a significant increase in the number of hours to complete filings, over 100 additional hours, and we have increased the number of team members involved in our regulatory filings as a result. Filers have also had to use external resources to help complete filings due to system issues, that could have been filed internally if using the legacy SEDAR system.

### *Prioritize SEDAR+ functionality*

While we acknowledge that the CSA has spent a tremendous effort and amount of money to implement the new SEDAR+ platform, we strongly urge the CSA to prioritize addressing the shortcomings of SEDAR+ before proceeding with such substantial fee increases.

Despite the system updates that have been implemented so far, we experience many issues resulting in increased delays and frustration trying to complete our regulatory filings. We have included a table in Appendix A outlining examples of the types of problems we continue to face.

In our view, it seems that the current system was not designed to handle the number of filings that large investment fund manufacturers make on a regular basis. Based on the proposed increase in system fees, it appears that the industry is bearing the costs to fix issues that were overlooked in the building of SEDAR+.

### *Allocation of fees*

We would request that the CSA provide the industry with greater transparency into how the funds generated from system fees are allocated to the costs of the technology systems shared by the CSA and its members. As numerous concerns with the current system have already been raised by the industry, we would appreciate the



CSA publishing a timeline or providing regular updates with respect to its intention to resolve these known issues as soon as possible and the costs associated with doing so.

We also note that registrants pay significant fees to the CSA more generally in addition to the system fees incurred. As such, we believe that the CSA should consider paying the costs for SEDAR+ issues from each of the securities commissions' surplus funds, rather than placing this burden on the industry.

Once again, Fidelity would like to thank the CSA for the opportunity to comment on the Proposed Amendments. We would be pleased to provide additional information or discuss any of our comments with you in more detail.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Robyn Mendelson".

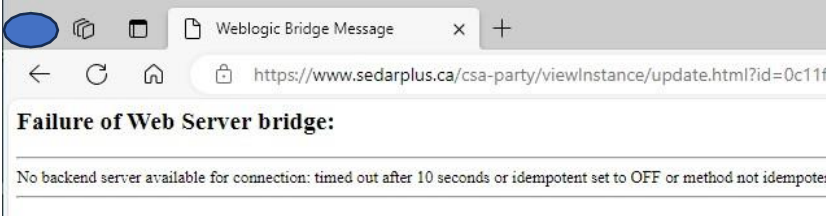
Robyn Mendelson  
*Vice President, Legal and Procurement*

c.c. Rob Strickland, *President*  
W. Sian Burgess, *Senior Vice President, Fund Oversight*  
Rob Sklar, *Director, Legal Services*  
Marissa Mymko, *Legal Counsel*

## Appendix A

### SEDAR+ Filing Issues

Filing	Issues
<b>Applications/ Material Change Reports/ Press Releases</b>	<ul style="list-style-type: none"> <li>• Cannot set-up an Application filing, save as a draft and finish at a later date</li> <li>• Applications have to be set-up and filed in one sitting</li> <li>• The draft function is not working</li> </ul>
<b>Reports of Exempt Distribution ("RED")</b>	<ul style="list-style-type: none"> <li>• REDs now have to be entered manually on SEDAR+ which results in substantive time inputting data into the system when the reports have already been prepared by other business units. It essentially causes a duplication of work within our organization.</li> <li>• With SEDAR Legacy, a prepared RED report would simply be "attached"/uploaded to the SEDAR project and submitted which was a more streamlined and less onerous process.</li> </ul>
<b>Fidelity Funds Renewal (Fund Group: 9811) 213 Funds 1,167 series' SP Part A SP Part B1 - B4</b>	<ul style="list-style-type: none"> <li>• SEDAR+ can only support filings for a maximum of 20 funds, so the pro forma filing had to split into multiple filings, i.e., 11 SEDAR+ project numbers.</li> <li>• Each SEDAR+ project had to be further divided into 5 submissions, for a total of 55 submissions to accommodate Part A and Part Bs of the SP:               <ul style="list-style-type: none"> <li>○ 11 submissions for Part A and Fund Facts documents</li> <li>○ 11 submissions for Part B1</li> <li>○ 11 submissions for Part B2</li> <li>○ 11 submissions for Part B3</li> <li>○ 11 submissions for Part B4</li> </ul> </li> <li>• In order avoid duplicative system fees due to the split, Fee Exception Codes were needed, with a turn-around time that was 1-2 weeks.</li> <li>• Uploading documents to SEDAR+ is slow, specifically Fund Facts.</li> <li>• When attempting to file, error messages were persistent - see example below:               <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p><b>Error 404--Not Found</b></p> <p><i>From RFC 2068 Hypertext Transfer Protocol -- HTTP/1.1:</i></p> <p>10.4.5 404 Not Found</p> <p>The server has not found anything matching the Request-URI. No indication is given of whether the condition is</p> <p>If the server does not wish to make this information available to the client, the status code 403 (Forbidden) (Gone) status code SHOULD be used if the server knows, through some internally configurable mechanism, that an unavailable and has no forwarding address.</p> </div> </li> <li>• Certificates of Proceeds:               <ul style="list-style-type: none"> <li>○ have to be filed under a separate submission</li> </ul> </li> </ul>

Filing	Issues
	<ul style="list-style-type: none"> <li>○ when filing Certificates of Proceeds, the Fee Attributes have to be entered as ‘0’ for <u>each</u> fund so that fees are not charged by the system (the system does not automatically zero-out the fees)</li> <li>○ AB, BC and QC have to create “Outstanding Fees” so that fees can be paid</li> <li>○ when attempting to file Certificates of Proceeds, the below error message was persistent:           <div data-bbox="610 474 1430 688" style="border: 1px solid gray; padding: 5px; margin: 10px 0;">  </div> </li> <li>○ at times, although the “Failure of Web Server bridge” error message would appear, the submission would actually go through causing confusion and possibility of duplicative submissions</li> </ul>
<b>Amendments to Fidelity Funds SP renewal</b>	<ul style="list-style-type: none"> <li>● Since the filing had to be split, whenever Fidelity is filing an amendment, it has to be filed against numerous SEDAR+ project numbers, multiplying the work.</li> </ul>
<b>Fidelity Capital Structure Corp. (FCSC) Funds Renewal (Fund Group: 15956) 89 Funds 728 series’</b>	<ul style="list-style-type: none"> <li>● SEDAR+ can only support filings for a maximum of 20 funds, so the pro forma filing had to split into multiple filings, i.e., 5 SEDAR+ project numbers.</li> <li>● Due to system crashing, we had to resort to ‘micro-submissions’ under each project number</li> <li>● When attempting to file, the below error message was persistent - see example below:           <div data-bbox="516 1314 1430 1486" style="border: 1px solid gray; padding: 5px; margin: 10px 0;"> <p><b>Failure of Web Server bridge:</b></p> <p>No backend server available for connection: timed out after 10 seconds or idempotent set to OFF or method not idempotent.</p> </div> </li> <li>● Uploading documents to SEDAR+ is slow, specifically Fund Facts.</li> </ul>
<b>Amendments to FCSC SP renewal</b>	<ul style="list-style-type: none"> <li>● Since the filing had to be split, whenever Fidelity is filing an amendment, it has to be filed against numerous SEDAR+ project numbers, multiplying the work.</li> </ul>
<b>Micro filings of documents:</b>	<ul style="list-style-type: none"> <li>● <b>Micro filings of documents:</b> when attempting to attach all filing documents to a SEDAR+ project, it would often overwhelm the system resulting in having to create micro-submissions and having to file the documents a few at a time i.e., submit the SP, Fund Facts, Material Contracts and ancillary documents separately in order for the submission to go through. This issue persists even though the size of the filing documents collectively is well below the systems threshold.</li> </ul>

Filing	Issues
<b>Drafts:</b>	<ul style="list-style-type: none"> <li>• <b>Drafts:</b> projects prepared as a draft would become corrupt making the draft unusable and having to create a new project set-up. The work-around was to attach at least one document to the draft project, but often times the drafts would still become corrupt even with the work-around.</li> </ul>
<b>Series Launches:</b>	<ul style="list-style-type: none"> <li>• <b>Series Launches:</b> when a fund launches a new series, the system does not allow you to add a new series in the respective Fund Group which results in not being able to attach the new series to the fund.</li> </ul>
<b>Terminated Funds:</b>	<ul style="list-style-type: none"> <li>• <b>Terminated Funds:</b> if a fund has been terminated and you have to file against the project number the terminated funds were previously associated to, you have to first mark the fund as a ‘reporting issuer’, proceed to file against the impacted fund(s) and then go back to the terminated fund post-filing and change the status to ‘ceased reporting. If the above steps are not followed, an error message will appear and you will not be able to file.</li> </ul>
<b>Filing Fees</b>	<ul style="list-style-type: none"> <li>• When filing an amendment that includes a launch of a new series, the additional series’ fee is not calculated in the system when paying filing fees resulting in having to reconcile fees post-filing.</li> <li>• Occasionally, the system will either overcharge or undercharge filing fees resulting in having to reconcile fees post-filing.</li> <li>• To reconcile fees post-filing, separate communications need to be prepared for each securities commission noting which fund(s) and relevant project number and submission number was impacted in order to request a refund or an ‘outstanding fees payment’ link to be posted to the applicable fund/project number to be able to pay undercharged fees. Certain commissions take an extremely long time to reconcile fees, and the entire process can take months to complete.</li> </ul>