

Background

These Investment Dealer Assessment Appeal Procedures should be read in conjunction with the CIPF Investment Dealer Assessment Policy. The CIPF Investor Dealer Assessment Policy sets out the basis and rate of assessment that will be levied on CIPF's Investment Dealer member firms.

CIPF is authorized to assess all Investment Dealer Members¹ of the New Self-Regulatory Organization of Canada, as it is currently named or as it may be renamed from time to time (**New SRO**) pursuant to [Section 2.1] of the Industry Agreement (the agreement) between CIPF and the New SRO dated September 30, 2008, as amended from time to time and modified by the Transitional Agreement between CIPF and the New SRO dated January 1, 2023. All New SRO Investment Dealer Members are required to be members of the Investment Dealer Fund (**Investment Dealer Members**). Under the Industry Agreement, CIPF determines the amount of Investment Dealer assessment that the New SRO must collect for each New SRO Investment Dealer Member. The New SRO's Investment Dealer Rule [9700] requires the New SRO Investment Dealer Members to pay those assessments.

Limited Appeals

The determination of CIPF's Investment Dealer Assessment Policy and its application to the Investment Dealer member firms or any individual Investment Dealer Member is not subject to review or appeal by an Investment Dealer Member except only to the extent of the calculation of the amount of an Investment Dealer Member's Quarterly Investment Dealer Assessment, New Investment Dealer Member Assessment, Capital Deficiency Assessment, and Asset Location Assessment (ALA) within the formula and methodology adopted by CIPF for determining assessments. In particular, Investment Dealer Fund size, the basis of Investment Dealer assessments, the New SRO's decision that an Investment Dealer Member was capital deficient, the rate of Investment Dealer assessments (including, without limitation, the differential assessment formula, minimum and maximum assessments, identification and weightings of quantitative and qualitative factors and the probability of default assigned to a differential assessment rate), the Exposure at Default (EaD) as calculated using CIPF's Investment Dealer Fund liquidity model, and the ALA EaD threshold, as approved by the CIPF Board, are not subject to review or appeal.

Appeals must be submitted in writing within 45 calendar days of the payment due date of the assessment amount subject to appeal.

Responsibility for setting the Assessment Appeal Procedures resides with the CIPF Board. However, the CIPF Board has delegated responsibility for overseeing compliance with the Investment Dealer Assessment Appeal Procedures, and for deciding appeals, to the Risk Committee of CIPF.

During the appeal process Investment Dealer Members are required to pay the assessed amount. If the Investment Dealer Member is successful in its appeal, CIPF will promptly refund the amount collected in excess of the adjusted Investment Dealer assessment amount. Any costs incurred by an Investment Dealer Member relating to an appeal will not be paid by CIPF.

¹ All references to the New SRO Investment Dealer Members in the Assessment Appeal Procedures includes New SRO Members duly registered under Canadian securities legislation in the category of "investment dealer" or in the categories of both "investment dealer" and "mutual fund dealer".

Appeal Procedures

1. An Investment Dealer Member can appeal the Investment Dealer assessment levied to it by submitting a request to the Vice-President, Industry Risk of CIPF, at assessmentappeal@cipf.ca. Requests for an appeal must be made to CIPF in writing within 45 calendar days of the payment due date of the Investment Dealer assessment amount subject to appeal. For Capital Deficiency Assessment appeals, which are typically payable over four installments, the appeal must be commenced in writing within 45 calendar days of the payment due date of the first installment.
2. Within 10 business days of receiving an appeal request, CIPF will acknowledge receipt of the request to the Investment Dealer Member and provide preliminary timelines for the appeal process.
3. Prior to commencement of an appeal that relates to CIPF's determination of the probability of default calculated by the CIPF's model, CIPF staff will review the factor inputs to determine if changes to the Investment Dealer Member's probability of default are justified.
 - a) If CIPF staff concludes that a change is justified, it will advise the Investment Dealer Member of its adjusted assessment amount. The Investment Dealer Member can decide to accept the adjusted amount or continue with an appeal. Where the Investment Dealer Member accepts the adjusted amount, CIPF will endeavor to refund any amount that has been paid by the Investment Dealer Member in excess of the adjusted amount within 30 days.
 - b) If CIPF staff concludes that a change is not justified, it will discuss its review with the Investment Dealer Member. The Investment Dealer Member can decide whether or not to continue with its appeal.
4. Where the appeal continues or the assessment appeal does not require a review of the probability of default:
 - a) CIPF staff will prepare an Appeal Summary of Facts to assist the Risk Committee in considering the Investment Dealer Member's appeal.
 - b) The Summary of Facts will be provided to the Investment Dealer Member for review and comment. Comments received will be incorporated in the document.
 - c) The Investment Dealer Member will be asked to confirm that the Summary of Facts is complete and accurate.
 - d) The Investment Dealer Member will be notified, in writing, of the date, time and place of the appeal meeting.
 - e) The Risk Committee and the Investment Dealer Member will be provided with:
 - (i) The Summary of Facts
 - (ii) The results of previous appeals

(iii) Appeal meeting procedures

- f) The appeal meeting shall be attended by the Chair of the Risk Committee, and at least two other Risk Committee members, of which one must be a Public Director.
- g) Any participant in the appeal can appear in person or by teleconference.
- h) The Investment Dealer Member may have legal counsel or other advisors present at the appeal, but it is not necessary to do so.
- i) CIPF staff will also attend the appeal to take minutes, address questions or assist the Risk Committee as required.
- j) The Investment Dealer Member, or its legal counsel or other advisors, may take notes or transcripts of the meeting at their own expense.
- k) After the appeal CIPF staff, the Investment Dealer Member and its legal counsel or other advisors will be excused to permit the Risk Committee to deliberate.
- l) The Risk Committee will decide on the appeal, by simple majority, and document the reasons for its decision.
- m) The Investment Dealer Member will be advised in writing of the Risk Committee's decision including the reasons for the decision.
- n) If the Investment Dealer Member's appeal is successful, CIPF will endeavor to refund any amount that has been paid by the Investment Dealer Member firm in excess of the adjusted assessment within 30 days.

An Investment Dealer Assessment Appeal Procedures flow chart is provided as Appendix A.

Appendix A: Investment Dealer Assessment Appeals Procedures Flow Chart

