

## **BACKGROUND**

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

CIPF is authorized to assess member firms pursuant to Section 2.1 of the Industry Agreement between CIPF and the Investment Industry Regulatory Organization of Canada (IIROC) dated September 30, 2008, as amended. Under the agreement, CIPF determines the amount of assessment that IIROC must collect for each member firm. IIROC Rule 41 requires member firms to pay those assessments.

## **LIMITED APPEALS**

The determination of CIPF's Assessment Policy and its application to member firms or any individual member firm is not subject to review or appeal by a member firm except only to the extent of the calculation of the amount of a member firm's Quarterly Assessment, New Member Assessment, Capital Deficiency Assessment, and Asset Location Assessment (ALA) within the formula and methodology adopted by CIPF for determining assessments. In particular, fund size, the basis of assessments, IIROC's decision that a member firm was capital deficient, the rate of 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 fund liquidity model, and the ALA EaD threshold, as approved by the 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 Board has delegated responsibility for overseeing compliance with the Assessment Appeal Procedures, and for deciding appeals to the Industry Risk Committee.

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

## **APPEAL PROCEDURES**

1. A member firm can appeal the CIPF Assessment levied to it by submitting a request to the Vice-President, Industry Risk of CIPF, at [assessmentappeal@cipf.ca](mailto: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 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 member firm 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 model, CIPF staff will review the factor inputs to determine if changes to the member firm's probability of default are justified.

- a) If CIPF staff concludes that a change is justified, it will advise the member firm of its adjusted assessment amount. The member firm can decide to accept the adjusted amount or continue with an appeal. Where the member firm accepts the adjusted amount CIPF will endeavor to refund any amount that has been paid by the member firm 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 member firm. The member firm 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 Industry Risk Committee in considering the member firm's appeal.
  - b) The Summary of Facts will be provided to the member firm for review and comment. Comments received will be incorporated in the document.
  - c) The member firm will be asked to confirm that the Summary of Facts is complete and accurate.
  - d) The member firm will be notified, in writing, of the date, time and place of the appeal meeting.
  - e) The Industry Risk Committee and the member firm 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 Industry Risk Committee, and at least 2 other 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 member firm 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 Committee as required.
  - j) The member firm, 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 member firm and its legal counsel or other advisors will be excused to permit the Industry Risk Committee to deliberate.
  - l) The Industry Risk Committee will decide on the appeal, by simple majority, and document the reasons for its decision.
  - m) The member firm will be advised in writing of the Industry Risk Committee's decision including the reasons for the decision.
  - n) If the member firm's appeal is successful, CIPF will endeavor to refund any amount that has been paid by the member firm in excess of the adjusted assessment within 30 days.

