

JULY 2024

Summary of Consultation Feedback

Proposed Fee Changes for Trust
Companies and Corporations

Contents

Introduction	1
Consultation Overview	1
Summary of Feedback	2
Stakeholder Feedback Table	2
Consultation Outcomes and Next Steps	3



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Introduction

On August 9, 2023, BCFSa launched a consultation seeking feedback on proposed changes to the fees it collects from British Columbia (“B.C.”) incorporated trust companies and extraprovincial trust corporations authorized to conduct business in B.C. The consultation remained open for 30 days, concluding on September 9, 2023.

Trust companies and corporations authorized to conduct business in B.C. pay an annual fee to BCFSa. BCFSa administers the *Financial Institutions Act* (“FIA”) and fees paid pursuant to the Financial Institutions Fees Regulation support the administration and enforcement of the FIA and offset related costs.

BCFSa conducted a comprehensive review of the fee structures applicable to B.C. incorporated trust companies and extraprovincial trust corporations finding that the current fee model is insufficient to cover the costs to effectively regulate this segment. Consequently, after over three decades without adjustment, BCFSa is proposing an increase in annual fees to sustain effective regulatory oversight and consumer protection in an increasingly complex financial and regulatory landscape. This proposed change aims to sustain its regulatory oversight, maintain the trust regulatory program, and align with BCFSa's mandate, ensuring sector safety and consumer protection.

Consultation Overview

BCFSa conducted a targeted consultation on the proposed changes to the fee model for trust companies and corporations authorized in B.C., soliciting comments and feedback from stakeholders to ensure there was a broad level of awareness among affected trust companies and corporations, and that all potential impacts were well understood.

On August 9, 2023, BCFSa launched its consultation by publishing information on its website, including:

- An advisory to trust companies and corporations notifying them of the consultation: [BCFSa Launches Consultation on Proposed Fee Changes for Trust Company Fees](#).
- A consultation webpage: [Trust Companies Consultation on Proposed Fee Changes](#)
- A consultation document detailing the proposed fee changes along with the rationale for the changes, and an online feedback form to collect stakeholder comments.

These materials were sent directly to trust companies and corporations authorized to conduct business in B.C. and other key stakeholders, inviting them to learn more about the proposed changes to fees and participate in the consultation by reviewing the consultation document and responding to the questions in the online feedback form.

Key questions in the feedback form included:

- Do you understand how BCFSA uses annual fees to regulate the trust segment of the financial services sector?
- Do you understand the reasons for changing the annual fees for trust companies authorized in B.C.?
- Do you understand the proposed change to the annual fees for trust companies authorized in B.C.?
- Do you have any general comments related to the proposed fee change?

Over the course of the consultation period, 67 respondents accessed the consultation document and responded to questions in the online feedback form.

Summary of Feedback

The majority (96 per cent) of the survey respondents indicated they understood how BCFSA uses annual fees to regulate the trust segment, 89 per cent understood the reasons for the proposed changes, and 83 per cent understood the proposed changes to the annual fees for trust companies and corporations.

Survey respondents were also invited to share general comments related to the proposed fee change in an open-ended question included in the survey. Here's a summary of the feedback categorized into themes:

STAKEHOLDER FEEDBACK TABLE

Subject	Summary of Issue/Comment	BCFSA Response
The timing and amount of the proposed fee increase.	BCFSA heard concerns from respondents that the proposed fee increase was large, especially for smaller or recently established trust companies.	Based on the feedback received, BCFSA revised its initial proposal to implement a phased approach in part of the new fees model. The base rate of the new fee will be implemented in phases over two years while the proposed changes on the proportional

		component of the fee model above the base rate will be implemented immediately in the first year. The revised proposal will provide a more gradual transition, especially for smaller trust companies.
Fairness in fee adjustments for extraprovincial trust corporations operating in B.C.	Some respondents commented that a more balanced and equitable approach that considers the differences between B.C. domiciled companies and those operating from outside the province is needed.	BCFSA has proposed the new annual fee for all trust companies and corporations operating in B.C. The B.C. incorporated trust company annual fee and extraprovincial trust corporation annual fee will be harmonized into a simpler fee model. The use of the same annual fee model for B.C. incorporated trust companies and extraprovincial trust corporations recognizes that both types of trust companies benefit from a well-regulated marketplace.

Consultation Outcomes and Next Steps

BCFSA thanks those who took the time to participate in the consultation. Feedback gathered through this consultation was analyzed and aggregated results were included in BCFSA's submission to the provincial Treasury Board requesting approval to implement the proposed fee changes through regulation. This request has been approved and BCFSA will start collecting the new fees beginning September 1, 2024.



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