

August 12, 2016

(via email)

Dear Sirs:

**RE: CANADIAN DEPOSITORY FOR SECURITIES CLEARING AND DEPOSITORY SERVICES INC. (CDS)
PROPOSED AMENDMENTS TO CDS FEE SCHEDULE - ENTITLEMENTS & CORPORATE ACTION EVENTS
MANAGEMENT, ISIN ISSUANCE and CDS ELIGIBILITY SERVICES**

I write with respect to the Notices and Requests for Comment published on July 14, 2016 by the Ontario Securities Commission in respect of proposed amendments to the CDS Fee Schedule re: ISIN Issuance and Eligibility Services and Entitlements and Corporate Action Events Management.

I am writing this on behalf of the Department of Finance of the Province of New Brunswick. The mission of the Department is to support the management of the public finances of the Province in the best interests of New Brunswick, including a number of its Crown Corporations.

Included in the Department's responsibilities is financing for the Province and its Crown Corporations, managing the Consolidated Fund, investing and administering various dedicated funds and providing financial policy analysis and advice. The Department manages a long-term debt borrowing programs which can range in size between \$1.5 billion and \$2.5 billion per year, a short-term financing program with \$1 billion to \$2 billion in outstanding T-bills and borrowing on behalf of the New Brunswick Municipal Finance Corporation (NBMFC). NBMFC provides financing for municipalities and municipal enterprises through a central borrowing authority guaranteed by the Province. Typically NBMFC would issue two public serial issues per year, ranging in size between \$30 million and \$80 million per issue. Each NBMFC issue could have up to 20 serial lines or more.

Representatives of the Department have reviewed proposed amendments to the CDS fee schedule although lack of complete clarity in the proposals makes this challenging. The Department's concerns with the implementation of the proposed fee schedule are:

- 1) Negative financial impact on the Province, its Crown Corporations and NBMFC.
- 2) High percentage fee increases for new debt issuance compared to the existing fees currently charged to debt issuers.



3) NBMFC is a regular serial debenture issuer in the debt capital markets and therefore the fees as proposed by CDS will have a disproportionate financial impact to NBMFC and its client municipalities. Conservative calculations of CDS's proposed fees for serial debenture structures could be four to ten times as much as a "bullet" issue depending on tenor, regardless of the notional amount issued.

4) Proposed fee schedules appear higher than similar services offered by other global depositories.

5) Mandatory no option and mandatory with choice categories have not been clearly defined in the CDS proposed fee schedule. It is important that issuers and regulators understand all the events that would trigger this fee.

The Department requests that CDS reconsider its proposed fee schedule in light of the above.

Sincerely,



Richard Luton
Managing Director Capital Markets
Finance