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Sent via email:

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Dear Mr. Ferguson and Ms. Sutlic:

TriAct Canada Marketplace LP ("TriAct") appreciates the opportunity to comment on the "Application to Vary the Recognition Order for the Canadian Depository for Securities Limited and CDS Depository Services Inc."

The Canadian Depository for Securities ("CDS") serves as the sole backbone for the clearing and settling of Canadian equity securities in Canada, and is a vital part of the Capital Markets infrastructure in Canada. Any proposed changes to CDS should be carefully considered by all stakeholders: regulators, participants, brokers and marketplaces.

TriAct is an Alternative Trading System that operates MATCHNow®, Canada's leading dark pool for Canadian listed securities. MATCHNow® is a broker-neutral, fully confidential trading book where only trades are made public, but order information is not visible to other traders. Buy and sell orders are matched using a combination of frequent call matches and continuous execution opportunities.

MATCHNow, like many stakeholders, relies on the neutrality, independence and strength of CDS to foster a healthy and competitive market ecosystem. In this vein, MATCHNow supports a corporate governance regime that ensures proportionate representation by key stakeholders in this ecosystem. Consequently, MATCHNow does not support the proposal *"to remove the requirement that one director of the CDS Board be a representative of a marketplace unaffiliated with Maple Group Acquisition Corporation (Now TMX Group Limited)."*

The Maple transaction was controversial, as it concentrated the powers of listing, trading and clearing of equities in Canada in a for-profit organization. As such, the Ontario Securities Commission ("OSC") held closely-watched consultative hearings to allow stakeholders to voice their opinions and gather recommendations. The overarching concern was that without a proper corporate governance and oversight structure, there was a risk to the much-needed balance between the right of a for-profit entity versus the stakeholder rights of stakeholders who rely on this single source of stock issuance, trading and clearance.

The result of these consultations is embodied in the prevailing Exchange Recognition Order which governed the TMX Group Limited ("TMX") and its subsidiaries, and in the CDS Recognition Order which governed CDS and its subsidiaries. Important to note,

The Exchange Recognition Order requires at least 50% of the TMX board to be independent of the owners of TMX. Whereas, the CDS Recognition Order only requires that at least 33% of its board of directors are independent of the owners of TMX. For further independence, the CDS Recognition Order also requires that at least one director is a representative of a marketplace unaffiliated with Maple and nominated by the marketplaces unaffiliated with Maple.

The proposal will diminish this agreed-upon governance, and tilt the balance of power towards the TMX shareholders, contrary to the letter and spirit of the recognition order. Preventative measures were deliberately established under Exchange and CDS Recognition Orders to prevent anti-competitive behavior.

Removing the independent marketplace representative from the CDS board removes a critical stakeholder voice in this monopoly. Should this be allowed by the OSC, CDS would move swiftly down a path towards decreased board independence. Therefore, we are requesting more independence at the CDS board, not less. At a minimum, the CDS Board requirements should mirror the same requirements as those set out in the Exchange Recognition Order which requires "(i) at least 50% of its Board members are independent directors; and (ii) for as long as any Maple nomination agreement is in effect, at least 50% of its Board members are unrelated to original Maple shareholders." Increasing the independence requirement for the CDS board would result in better corporate governance that would match standards abided by similar global clearing houses as cited in the International Benchmarking section of the proposal.

In addition to encouraging greater board independence, we applaud the establishment of a marketplace committee that would be open to all marketplaces. We recommend that the marketplace committee nominates a chair, and that the chair participates on the CDS board as the marketplace representative.

CDS is essential to the support of Canada's equity, fixed income and money markets. While TMX Group was granted the privilege of acquiring this asset, stronger corporate governance is required to ensure independence, prevent anti-competitive behavior, and mitigate conflicts of interests.

We look forward to engaging in a dialogue on this important matter with the OSC, CDS and other stakeholders.

Yours Truly,



Bryan Blake
Chief Executive Officer
TriAct Canada Marketplace LP

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