



April 29, 2021

Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, Ontario M5H 3S8
Email: comments@osc.gov.on.ca

Dear Sirs/Mesdames,

TMX Group Limited (“**TMX Group**” or “**we**”) welcomes the opportunity to comment on the Notice and Request for Comments published on April 1, 2021 by the Ontario Securities Commission (the “**OSC**”) entitled “Notice and Request for Comments - Application by Refinitiv Transaction Services Pte. Ltd. for Exemption from Recognition as an Exchange” (the “**RFC**”). Capitalized terms used in this letter and not specifically defined have the meaning given to them in the RFC.

TMX Group

TMX’s key subsidiaries operate cash and derivatives markets for multiple asset classes, including equities and fixed income, and provide clearing facilities, data driven solutions and other services to domestic and global financial and energy markets. Toronto Stock Exchange, TSX Venture Exchange, TSX Alpha Exchange, the Canadian Depository for Securities, Montreal Exchange, Canadian Derivatives Clearing Corporation, Shorcan Brokers Limited and other TMX companies provide listing markets, trading markets, clearing facilities, data products and other services to the global financial community and play a central role in Canadian capital and financial markets.

The Need for Reciprocity

As articulated in previous comment letters submitted to the OSC,¹ TMX Group supports a policy of mutual recognition or substituted compliance based on the equivalence of regulatory regimes for the purposes of regulatory recognition or exemption of non-Canadian marketplaces. As such, non-Canadian marketplaces should be eligible for recognition or exemption based on a determination that their home-country jurisdiction provides equivalent supervision and regulation to that of the jurisdiction where they are applying to do business. We also believe that regulatory authorities are best placed to assess this equivalence between their own regimes and foreign regimes, rather than requiring each applicant to establish equivalence on a case-by-case basis. However, TMX Group favours recognition or exemption based on regulatory equivalence but only provided that it is applied on a reciprocal basis.

TMX’s principal concern with respect to the Requested Relief arises from the fact that a Canadian exchange could not currently operate in Singapore unless the Monetary Authority of Singapore were to

¹ See for example our letters dated [March 18, 2013](#), [June 14, 2013](#), [September 23, 2013](#), [June 6, 2016](#), and [November 13, 2017](#).

grant it status as a foreign recognised market operator (an “**RMO**”).² It is being proposed that the Applicant be authorized to operate a marketplace in Canada without being recognized as an exchange under section 21 of the *Securities Act* (Ontario). This creates a competitive disadvantage for Canadian marketplaces, including TMX Group, with respect to marketplace operation vis-à-vis its foreign competitors. The OSC should, in our view, be mindful of the uneven application of such licensing regimes, and the resulting effect on domestic marketplaces.

Canadian marketplaces must be recognized as foreign RMOs in order to operate in the Singaporean market. In the interest of fairness, given the absence of reciprocal exemption arrangements between Canada and Singapore we submit that Singapore-based marketplaces should face a similar requirement when seeking to operate in the Canadian market. Indeed, we note that Singapore has entered into mutual recognition arrangements with several foreign authorities that provide reciprocal exemptions for certain foreign derivatives trading venues from the requirement to be recognised under Singapore law.³

TMX Group also disagrees with the approaches that are taken in connection with non-Canadian marketplaces doing business in Ontario compared to the approach taken with domestic non-Ontario based marketplaces. TMX Group is of the view that it is only logical that the OSC consistently apply mutual reliance to other Canadian provincial regulators since it is proposing to do so for non-Canadian authorities.

Conclusion

We believe that it is vitally important that the OSC ensure that marketplaces operating in Ontario are subject to sufficiently high standards of regulation and supervision, thus ensuring a level playing field in Ontario for foreign and domestic marketplaces serving Canadian market participants. We are also of the view that the OSC should, as a general matter, reconsider its approach to recognition and exemption to ensure that it does not inadvertently create a situation of unfair competition. We are concerned that the inconsistency of the current framework for the recognition of marketplaces in Ontario may give preferential treatment to non-Canadian marketplaces.

Our strong recommendation is that the OSC engage in a full comparative analysis of foreign regulatory regimes based on objective criteria prior to granting non-Ontario based marketplaces recognition or exemption from recognition.

In the meantime, in light of the above, we ask that the OSC reconsider granting Applicant an exemption from recognition in Ontario.

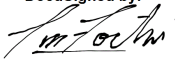
² Except where exemption is granted on a case-by-case basis in exceptional cases, such as where the costs of regulation outweigh the benefits.

³ See, for example, www.mas.gov.sg/news/media-releases/2019/joint-statement-of-cftc-and-mas and www.mas.gov.sg/news/media-releases/2019/concurrent-adoption-of-equivalence-decision-for-certain-derivatives-trading-venues.

Best regards,

Luc Fortin

President & CEO, Montreal Exchange & Global Head of Trading

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