



Member of the Investment Industry Regulatory Organization of Canada

January 10, 2022

Mr. Paul Hayward
Senior Legal Counsel
Compliance and Registrant Regulation
Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto ON M5H 3S8

Dear Mr. Hayward,

In its call for consultation on November 30th, the OSC said that, "the Taskforce identified concerns that certain commercial lenders may be engaging in improper practices that may impede competition, such as arrangements where a lender requires issuer clients to retain the services of a dealer or adviser affiliate of the lender for their capital raising and/or advisory needs, as a condition of entering into a commercial lending transaction, or vice versa."¹

Given the recent amendments to the mandate of the OSC to include, among other objectives, fostering capital formation and competitive markets, any tied selling practices actually occurring need to be appropriately addressed.

Furthermore, "the Taskforce noted that, although the practice of 'tied selling' is restricted under the Bank Act and for registered firms under National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations (NI 31-103), the Taskforce had heard repeatedly from dealers and issuers– that commercial lenders, through their affiliated dealers, continue to engage in these practices. The Taskforce concluded that these practices are having a significant negative impact on competition."²

Additionally, "in light of these concerns, the Taskforce recommended action to enhance restrictions on tying commercial lending services and capital markets activities to facilitate growth of independent dealers and ensure issuer choice."³

As one of the country's few remaining and historied independent fixed income dealers, we support the OSC's efforts to carry out their mandate of fostering capital formation and competitive markets, unabated by any tied selling practices.

^{1,2,3} Ontario Securities Commission (OSC). OSC Staff Notice 33-753, 'OSC Consultation on Tied Selling and other Anti-Competitive Practices in the Capital Markets'. (30 November 2021).

Casgrain is the only primary government bond dealer of the Bank of Canada not related to a financial institution and privately owned, and has always strived to bring competition, an entrepreneurial spirit, and cost-effective solutions to the Canadian capital markets. Over time, we believe that our firm's involvement on the boards of various industry bodies (Investment Industry Association of Canada, Investment Industry Regulatory Organization of Canada, Canadian Investor Protection Fund, and the Bank of Canada's Canadian Fixed Income Forum) has demonstrated our commitment to governance and integrity in the investment industry, ultimately for the better good of the public.

Therefore, we support the recommendations made by the Taskforce in its final report of January 2021, namely to:

- Enhance the Tied-Selling Restriction in National Instrument 31-103;
- Require attestation by a senior officer that no such prohibited conduct has occurred;
- Amend NI 33—105 to require an Independent Underwriter with a Connected Issuer; and
- Impose a ban on Restrictive Clauses.

We believe there is an opportunity to bolster the public's confidence in the capital markets by following through with the Taskforce's recommendations, consistent with the OSC's mandate.

Thank you for considering our submission. We remain at your disposal should you wish to discuss further.

Respectfully,

A handwritten signature in dark ink, reading "R. Casgrain". The signature is written in a cursive, flowing style.

Roger Casgrain, CFA
Executive Vice-President

cc: Mr. David Surat, Mr. Grant Vingoe