



November 19, 2012

**SUBMITTED BY ELECTRONIC FILING**

Ontario Securities Commission (the “OSC”)  
c/o John Stevenson, Secretary  
[comments@osc.gov.on.ca](mailto:comments@osc.gov.on.ca)

Dear Sirs and Mesdames:

**Re: Request for Comments on Proposed Amendments to OSC Rule 13-502 Fees and Companion Policy 13-502CP Fees (collectively, the “13-502 Proposed Amendments”)**

We are making this submission in response to the request for comments published on August 23, 2012 by the OSC (the “**13-502 Request for Comments**”) regarding the 13-502 Proposed Amendments. Our comments relate to the proposed application of a new \$15,000 annual participation fee to our wholly-owned subsidiary, Omgeo Canada Matching Ltd. (“**Omgeo Canada Matching**”).

**About Omgeo Canada Matching**

Omgeo Canada Matching is a private company based in Toronto, Ontario which:

- a) carries on business as a matching service utility in Ontario (“**MSU**”) as described in, and in accordance with the requirements of, National Instrument 24-101 *Institutional Trade Matching and Settlement* and the companion policy thereto; and
- b) is exempt from being a recognized clearing agency in Ontario by discretionary order of the OSC dated February 15, 2011.

Specifically, Omgeo Canada Matching provides centralized automated facilities for the matching of institutional trades of equity and debt securities and transmits matched trades to a clearing agency for clearing and settlement. Omgeo Canada Matching does not:

- a) act as an intermediary in paying funds or delivering securities in connection with trades and other transactions in securities;
- b) provide centralized facilities for the clearing of trades and other transactions in securities (other than limited facilities for comparing data respecting the terms of settlement of a securities trade or transaction);
- c) provide centralized facilities as a depository of securities; or
- d) perform central counter-party, multilateral netting, novation and/or guarantor functions (paragraphs a) to d) being, collectively, the “**Clearing Agency Functions**”).

**The New Exempt Clearing Agency Participation Fee**

If the 13-502 Proposed Amendments come into force as currently drafted, beginning on April 30, 2013, Omgeo Canada Matching will be subject to a new \$15,000 annual participation fee in its capacity as an exempt clearing agency in Ontario (the “**New Exempt Clearing Agency Participation Fee**”).

**Rationale for New Exempt Clearing Agency Participation Fee**

On page 7806 of the 13-502 Request for Comments under the heading “Participation fees for specified regulated entities” the OSC suggests that:

- a) it is introducing the New Exempt Clearing Agency Participation Fee in a new Part 3.1 and Appendix B.1 of existing OSC Rule 13-502 to recover the OSC’s costs of oversight of these regulated entities; and
- b) the amount of the participation fee is determined by reference to the services these regulated entities provide (i.e., the more functions that the OSC is responsible for overseeing, the higher the payable annual participation fee by the regulated entity).

It is far more costly for the OSC to oversee an exempt foreign clearing agency which provides all of the Clearing Agency Functions, than to oversee an exempt clearing agency which is an MSU providing only one clearing agency function like Omgeo Canada Matching (i.e., that function being matching services; the provision of facilities for comparing data respecting the terms of settlement of a securities trade or transaction).

Given the costs of oversight of each Clearing Agency Function provided by a recognized clearing agency on page 7829 of the 13-502 Request for Comments and, in particular, the percentage that \$10,000 in item D3 for oversight of matching functions represents of the \$290,000 total in Part D for oversight of all Clearing Agency Functions (i.e., approximately 3.45%), Omgeo believes that an appropriate fee, if any, would be \$518, which is approximately 3.45% of the \$15,000 New Exempt Clearing Agency Participation Fee proposed in item E1 on page 7830 of the 13-502 Request for Comments.

\* \* \* \*

We appreciate this opportunity to comment on the 13-502 Proposed Amendments. If you have any questions or require clarification on the points discussed in this comment letter, please feel free to contact me (nreed@dtcc.com; 212-855-3244).

Very truly yours,



Norman Reed  
General Counsel