



RBC Global
Asset Management™

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February 4, 2013

Via Email

John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
Suite 1900, Box 55
Toronto, Ontario M5H 3S8

Anne-Marie Beaudoin, Corporate Secretary
Autorité des marchés financiers
800, square Victoria, 22e étage
C.P. 246, Tour de la Bourse
Montréal, Québec H4Z 1G3

Dear Mr. Stevenson and Ms. Beaudoin:

Re: CSA Consultation Paper 91-301 – Model Provincial Rules

We are writing on behalf of RBC Global Asset Management Inc. in response to the Canadian Securities Administrators' ("CSA") request for comment on the Model Provincial Rules – *Derivatives: Product Determination and Trade Repositories and Derivatives Data Reporting* ("TR Rule") published on December 6, 2012.

We appreciate the opportunity to provide our comments on this important initiative. Specifically, our comments are related to Part 3 *Data Reporting* and Part 4 *Data Dissemination and Access to Data* of the TR Rule.

Responsibility for Ensuring Accuracy of Reported Data

Proposed section 25(5) of the TR Rule requires that a reporting counterparty ensure all reported derivatives data relating to a particular transaction is accurate and contains no misrepresentations. The reporting counterparty for a trade would be expected to report on a real-time basis (or, if not practicable, no later than the end of the next business day). This would mean that the non-reporting counterparty would not be expected to review the report submitted by the reporting counterparty. Further, in light of proposed section 27(3), which provides that the reporting counterparty is responsible for ensuring all reporting requirements are fulfilled, we understand this to mean that the reporting counterparty would also be solely responsible for confirming the accuracy of all reported derivatives data to a recognized trade repository.

However, the Model Explanatory Guidance to the TR Rule states that the purpose of the confirmation requirement under proposed section 23 is for the trade repository to ensure that the reported information is agreed to by both counterparties. Consistent with our interpretation of sections 25(5) and 27(3) above, we are of the view that the reporting counterparty should be solely responsible for confirming the accuracy of all reported derivatives data to a trade repository. Should the non-reporting counterparty

discover an error or omission, it is our understanding that the non-reporting counterparty would notify the reporting counterparty promptly in accordance with proposed section 25(4) and the reporting counterparty would then be responsible for addressing the error or omission with the trade repository.

Reporting Counterparty

Proposed section 27(2) of the TR Rule provides that where a reporting counterparty is not a local counterparty and does not comply with the reporting requirements of the TR Rule, the local counterparty must act as the reporting counterparty. We submit that only a dealer counterparty, whether it is a local counterparty or not, should be the reporting counterparty of a reportable trade. Dealers are better positioned to handle reporting requirements given their existing trade reporting and confirmation responsibilities when dealing in centrally cleared securities such as futures and options. It would be unduly onerous to impose these requirements on a counterparty that is not a dealer.

Public Dissemination of Transaction-level Data

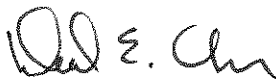
While we are supportive of regulators obtaining transaction-level data to gain a better understanding of derivatives trading, we believe that transaction-level data should only be made publicly available after an appropriate minimum time delay so as to avoid unintended negative impacts on price discovery and liquidity in derivatives markets, particularly in relation to instruments which are bespoke and therefore less liquid.

Information leakage from the public disclosure of trades without an appropriate minimum time delay will increase derivatives transaction costs as a result of other market participants widening their bid-ask spreads in response to published trade data. This could make unwinding transactions more costly for dealer counterparties and thereby increase transactions costs for all derivatives market participants.

We submit that the proposed time delay outlined under proposed section 39(3) of the TR Rule would not be adequate for all types of Canadian derivative instruments. Instead of requiring transaction information to be published within one day of receipt of the derivatives data by designated trade repositories (or two days, where neither counterparty is a derivatives dealer), we recommend that the minimum time delay should be tailored by type of derivatives instrument, taking into consideration the liquidity of a contract, the liquidity of the underlying interest, and the size and value of the trade being reported. We also encourage the CSA to publish an adoption timeline for its public trade-reporting requirements that provides initially for longer public trade-reporting time delays. This approach would allow market participants and regulators to assess the impact of the public reporting of transactions in the derivatives markets.

We thank the CSA for considering our comments on the proposal. If you have any questions or require further information, please do not hesitate to contact the undersigned.

Sincerely,



Daniel E. Chornous, CFA
Chief Investment Officer
RBC Global Asset Management Inc.