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September 15, 2014

British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority (Saskatchewan)
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission (New Brunswick)
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Securities Commission of Newfoundland and Labrador
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Yukon
Superintendent of Securities, Nunavut

The Secretary
Ontario Securities Commission
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Fax: 416-593-2318
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Me Anne-Marie Beaudoin
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Dear Sirs and Mesdames:

Re: Amendments to National Instrument 23-101 Trading Rules released on May 15, 2014

General Comments

As one of Canada's largest asset managers, TDAM represents the interests of institutional and individual investors. As such, it is important that we operate in a marketplace guided by principles that promote and enforce competitive, efficient and fair markets. As the Canadian marketplace has evolved and become increasingly fragmented, rules in this area have taken on a greater importance and are influential in shaping the trading landscape.

The Order Protection Rule (OPR) is one of the most significant rules implemented to date. Over time, several benefits have resulted from having the OPR in place, key among them being the preservation of fairness and confidence in the price discovery process. While we recognize and applaud the benefits of regulatory rules, it is prudent to recognize and address any unintended consequences and strive to correct them.

Some of the key concerns with the OPR brought forth by participants include high operating and technology costs, broader market inefficiencies and costly market data fees. With this in mind, we commend the CSA's efforts to address these industry concerns and for advancing efforts to propose amendments to the rule. We would like to take this opportunity to address some of the proposed amendments to the OPR released on May 15, 2014.

Proposed 5% market share threshold

We believe the proposed 5% threshold for a marketplace to be deemed protected, and the notion of visible venues functioning under the status of protected and non-protected, could increase complexity and diminish competition in the Canadian marketplace. By design of the current OPR, new venues are deemed protected from launch date which helps support new venues and reduces barriers to entry. As a result, we've seen the launch of several venues over the past few years which, in our opinion, have contributed positively to competition in our markets. Our concern with the proposed 5% threshold for protection is that it will impede competition and innovation in the Canadian equity landscape. Historically, garnering market share has been a slow process, even under the conditions of the current OPR. We believe new venues will be disadvantaged from the time of launch if faced with the unfavorable conditions imposed under the 5% threshold rule.

Furthermore, we believe the concept of visible venues operating under a protected and non-protected status will shift the balance of power away from the participants in the natural marketplace to the dealer community. Without protected status, new venues may see limited connectivity participation. Instead of showcasing its true value as a new and/or unique venue, the success or failure of new entrants will be determined too abruptly by the dealer community, rather than through longer term natural market forces. To the extent the Canadian marketplace experiences successive failed launches of new venues, we believe future innovation will be stifled and the Canadian equity landscape may become inert and somewhat complacent. The principles of the OPR are meant to protect innovation and not to discourage it.

It is also our opinion that the proposed 5% threshold will add further complexity to our marketplace and create transparency concerns for buy side participants with respect to dealer venue selection. Variability in non-protected venue selection across the dealer community would require an additional, and complex, layer of due diligence on behalf of buy side participants. Buy side firms will be forced to further scrutinize broker smart order routers and track which non-protected venues brokers are sourcing and why. In addition, since dealers have the ability to adjust their venue selection at any time, concerns around consistency and transparency would be heightened.

Regulating market data fees

The proposal to institute regulatory oversight of real-time professional data subscriber fees is both sensible and rational and we fully support it. We believe it can be used to serve a

similar purpose as the 5% threshold while also lowering the cost of market data connectivity fees. Market data fees, a primary source of revenue for visible marketplaces, should be subject to market forces, whereby marketplaces are rewarded for their contribution to price discovery and trading activity. The opposite is true in the current framework of the OPR since market data fees are not attached to the level of service each venue is contributing to the marketplace. By directly impacting the revenue of a marketplace, this form of regulation would incent greater innovation among current venues and encourage competition without increasing barriers to entry. New venues will continue to be supported by the OPR rule but will have to compete in the open market to charge more for their market data.

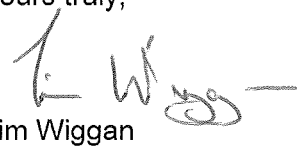
Conclusion

We commend the CSA for addressing the issues with the OPR and proposing solutions to remedy them. In our opinion, protecting marketplaces with a market share over 5% would be a step in the wrong direction as it has the potential to increase complexity and diminish competition. We would welcome oversight of regulatory market data to address the high cost of connectivity and to promote competition.

Furthermore, while we are fully supportive of the CSA's initiative to improve the OPR we would strongly encourage the CSA to revisit the definition of Best Execution Obligation under NI 23-101. In an era faced with complexity and an expanding marketplace with greater venue selection we believe this is a need for greater emphasis on dealer best execution obligations. As it currently stands, the definition is broad and open to varying interpretations. We stress the need for a refined and tighter definition, one that could precede all other dealer regulatory responsibilities with respect to order management. In IIROC's Best Execution Survey Results published in March 2014, 62% of respondents said that they would undertake a review of their smart order router following a change in marketplace fees. The scope of the Best Execution Obligation rule should make it the main determinant of industry order routing as opposed to venue specific (i.e. maker-taker) pricing models.

We would be pleased to provide any further explanations with respect to our comments outlined above and would make ourselves available to participate in working groups.

Yours truly,



Tim Wiggan
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