RBC Dominion Securities Inc.
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September 19, 2014

Via E-Mail

The Secretary
Ontario Securities Commission
20 Queen Street West
19th Floor, Box 55
Toronto, Ontario M5H 3S8

Me 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 Sirs/Mesdames:

RE: CSA Notice and Request for Comment Proposed Amendments to NI 23-101 Trading Rules

This letter is being submitted on behalf of the Wealth Management trading desk of RBC Dominion Securities Inc. (RBC DS WM) to provide you with our comments respecting the proposed amendments to NI 23-101 published for comments by the Canadian Securities Administrators (CSA) on May 15, 2014 (Proposed Amendments).

RBC DS WM supports the CSA's efforts to address certain costs and inefficiencies resulting from or associated with the current order protection rule (OPR) framework. We appreciate and recognize the importance behind the CSA's decision to solicit comments from market participants before determining the direction and manner on how regulation should be improved to foster fair, orderly and efficient markets for all investors. To that end, we are pleased to provide our comments on the Proposed Amendments from a retail investors' perspective.

General Comments

The Proposed Amendments, among other things, will allow marketplace participants with the flexibility to determine whether to access the displayed order on marketplaces below the OPR threshold. RBC DS WM strongly agrees with this approach as it would create a marketplace with combined protected and un-protected venues. The biggest advantage to having an OPR threshold is that dealers can opt away from markets that allow predatory liquidity providers until the behaviour is corrected or mitigated. The current structure only allows dealers to move away from a market by declaring 'self help' (by using directed-action orders) which can be onerous at times.

In principle, RBC DS WM will continue to access all marketplaces that offer best execution opportunities. While some marketplaces will not meet the prescribed market share threshold, we will not, as a sole point of reference, base our routing decisions on the particular status of a marketplace. That said, if a marketplace fails to add value - in terms of pricing, liquidity or innovationn, RBC DS WM would embrace the flexibility allowed for under the OPR thresholds to route away from an unprotected marketplace.

Specific Questions on the Proposed Amendments

We have the following comments in relation to certain of the specific questions raised by the CSA under the Proposed Amendments:

Question 1: Please provide your views on the proposed market share threshold metrics, including the types of trades to be included in and excluded from the market share calculations, and the weighting based on volume and value traded. Please describe any alternative approach.

> In our view, the threshold calculation should be based solely on value (notional) traded and not volume. Measures based on volume can produce results that are not a true representation of market share and should not serve as a basis for determining the protected status of a marketplace. The market share threshold calculation should exclude crosses.

Question 2: Is a 5% percent market share threshold appropriate? If not, please indicate why.

> We defer to regulators to determine an appropriate threshold which balances the interest of promoting competition with moderating fragmentation, but suggest that a limit greater than 2% and less than 7% of value traded would be high enough to not artificially protect illiquid markets, but not so high that it stifles innovation by new marketplaces.

Question 4: Will the market share threshold as proposed affect competition amongst marketplaces, both in relation to the current environment or for potential new entrants?

> Yes. In our view the OPR threshold will create competition between marketplaces and encourage true marketplace innovation and efficiencies. Whereas historically marketplaces have been able to rely on non-trading revenue (i.e. market data etc.) the OPR threshold will incent marketplaces to attract liquidity.

Question 5: Is it appropriate for a listing exchange that does not meet the market share threshold to be considered to be a protected market for the securities it lists? If not, why not?

> No. The fact that a marketplace lists a security should not entitle the marketplace to protected status. In practice, such protected status would add unnecessary complexity to the routing logic of dealers, given that the shares will trade on multiple marketplaces, including the listing marketplace as a protected venue, for specific securities and not others.

Question 7: What are your views on the time frames under consideration for the market share calculation and identification of 'protected market' status?

> RBC DS WM is comfortable with quarterly, semi-annual and annual time frames provided the calculation methodology is value-based. That said, irrespective of the outcome of the calculation period, and the resulting protected status of marketplaces, RBC DS WM will not change its routing decisions based solely on the 'status of a marketplace. However, if a marketplace fails to provide relevant liquidity and execution opportunity for retails clients, RBC DS WM would choose to route away from the marketplace below the OPR threshold.

Questions 9 & 10: Are there any implementation issues associated with the 'protected market' approach? What should the transition period be for the initial implementation of the threshold approach, if and when the Proposed Amendments are adopted, and why?

> While it expected that there will be a number of implementation issues under the protected market approach, owing namely to the configuration of routing rules and related items, RBC DS WM will not

require a transitional period. As indicated above, RBC DS WM will make no immediate changes to routing rules - any changes to routing will be made over time, and would not be based solely on the protected status of a marketplace.

Question 12: Is the guidance provided sufficient to provide clarity yet maintain flexibility for dealers? If not, what changes should be considered?

We prefer a principled based guidance as it affords dealers the flexibility to configure their systems to the ultimate benefit of their clients.

Question 13: Please provide your views on the proposed dealer disclosure to clients.

RBC DS WM supports increased transparency. That said, dealers should not be mandated to disclose all aspects of its routing logic and technology as it is a competitive differentiator for many dealers.

Question 16: Please provide your views on the proposed trading fee caps as an interim measure. Please describe any proposed alternative.

We believe that artificially arrived at caps should give way to economic forces and free market competition to achieve the marketplace equilibrium.

Question 18: Is action with respect to the payment of rebates necessary? Why or why not?

RBC DS WM is of the view that the current rebate structure serves as an important liquidity enhancement tool in the Canadian marketplace environment. From a retail perspective, the current rebate structure provides a level of cost containment in respect of marketplace trading fees.

Question 25: Do you have concerns with respect to market data fees charged to non-professional data subscribers that securities regulatory authorities need to address? If so, how should the concerns be addressed?

RBC, through its distribution channels, provides real- time market data to clients, who are considered non-professional data subscribers. While non-professional fees have remained fairly stable in Canada, as the CSA rightly concludes, the cost of data for non-professionals is significantly higher, as a percentage of professional fees, comparing to other jurisdictions. We agree that market data access should be considered in the context of fostering market confidence, and is therefore critical that it is provided at a reasonable cost.

We support caps on the maximum percentage (of professional fees) that can be charged to non-professionals. It should be noted that a large number of data subscribers pay for non-professional data on a per-query (per-quote basis). As an example, the TSX charges $0.01/quote to a maximum capped amount of $6 per month for snapshot Level 1 data for non-professionals. We propose monitoring and adjusting the capped amount ($6 in this case) rather than the per-query rates.

Question 26: Is modifying OPR by introducing a threshold, and at the same time dealing with trading fees and data fees, an appropriate approach to address the issues raised? If not, please describe your alternative approach in detail.

Given the relative importance of each matter on its own, we believe that these items should be reviewed separately.

In closing, we thank the CSA and the individual securities regulatory authorities that comprise the CSA for the opportunity to comment on the Proposed Amendments and welcome the opportunity to discuss the foregoing with you in further detail. If you have any questions or require further information, please do not hesitate to contact the undersigned.

Sincerely,

John Reilly

John Reilly
Managing Director & Head, Wealth Management Trading
RBC Dominion Securities Inc.