

# ADDENDA

## CAPITAL

800, boul. René-Lévesque Ouest  
Bureau 2750  
Montréal (Québec) H3B 1X9  
514-287-7373  
1-866-855-7373

addenda-capital.com

October 30, 2015

### BY COURIER

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

c/o M<sup>e</sup> Anne-Marie Beaudoin  
Corporate Secretary  
Autorité des marchés financiers  
800, Square Victoria, 22<sup>e</sup> étage  
C.P. 246, Tour de la Bourse  
Montreal, Québec, H4Z 1G3  
Fax: 514-864-6381  
e-mail: [consultation-en-cours@lautorite.qc.ca](mailto:consultation-en-cours@lautorite.qc.ca)

and

The Secretary  
Ontario Securities Commission  
20 Queen Street West  
22<sup>nd</sup> Floor  
Toronto, Ontario, M5H 3S8  
Fax: 416-593-2318  
[comments@osc.gov.on.ca](mailto:comments@osc.gov.on.ca)

### **Re: CSA Staff Notice and Request for Comment 21-315 – Next Steps in Regulation and Transparency of the Fixed Income Market**

Dear Sir or Madam,

Addenda Capital Inc. (“**Addenda**”) welcomes the opportunity to submit comments regarding CSA Notice and Request for Comment 21-315 Next Steps in Regulation and Transparency of the Fixed Income Market (the “**Notice**”).

## **Background**

Addenda is an investment management firm registered in all Provinces of Canada as Portfolio Manager and Investment Fund Manager and as Commodity Trading Manager in Ontario and Derivatives Portfolio Manager in Québec.

Addenda manages fixed income securities worth close to CAD 18 billion on behalf of pensions, insurance and other institutions as well as high net worth clients. With offices in Montréal, Guelph, Toronto and Regina, Addenda offers clients tailor-made portfolios using a broad range of asset classes and strategies. Its mission is to add value through independent research, active management, innovation, discipline and integrity and to nurture genuine partnerships with our clients.

## **General Comments**

Addenda is a member of the Portfolio Management Association of Canada and on the Canadian Bond Investment Association and as such it supports the comments that have been submitted by both of these organizations.

Addenda is in favour of improving access to and transparency in the fixed income market and more particularly in the corporate bond market which it finds is lagging compared to other jurisdictions.

The enhancements to SEDAR, including access to credit agreements, are an important improvement for investors doing corporate research and are strongly supported by Addenda.

**With respect to the CSA's proposed measures to enhance transparency of the fixed income market, we respectfully submit the following concerns:**

### **Section II 3 Transparency for Fixed Income Securities**

**Implementation Timeline:** We find the proposed implementation date for trade information of corporate debt securities, which is scheduled for late 2017, is too long. Considering that the IIROC Debt Reporting Rule will be implemented by November 2016, the dissemination of the information to the public should occur shortly thereafter. Moreover, the different sources of trade data available throughout the implementation period may create distortion.

On existing transparency requirements for government debt securities set out in NI 21-101, we feel that the transparency exemption should have been shortened rather than extended. The Canadian market should take advantage

of being a leader regarding market transparency in the Government debt securities market.

3(b) (ii) Addenda does not see the need to make publicly available information such as the type of investor (dealer vs client). We would appreciate other information such as a compilation of the total aggregate volume of trades for a security on a monthly or quarterly basis.

### **Trade Information**

**Dissemination delay:** We are of the opinion that the proposed initial T+2 dissemination delay for corporate debt securities is unnecessary long and that it will only perpetuate the existing unlevelled playing field with investors and participants that purchase data from vendors that publish market data on a daily or hourly basis.

**Volume Caps:** The volume cap can be raised to \$5 million for investment grade corporate bonds and \$500,000 for non-investment grade corporate bonds. An additional tier can also be added for lower grade investments rated BBB or lower with a volume cap of \$250,000.

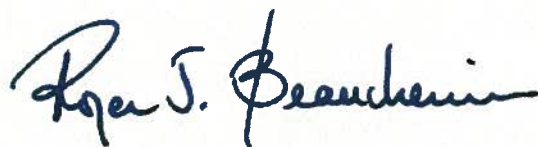
### **Section IV Evaluating Access to the Fixed Income Market**

Addenda would be pleased to offer its support to the working group that has been established to examine the issue regarding allocation of initial offerings either by responding to a request for comments from the CSA or through round tables with the working group.

If you have any questions regarding the comments set out above, please do not hesitate to contact M<sup>e</sup> François Cardin, Corporate Secretary, General Counsel & Manger Corporate Affairs at (514) 908-7921.

Yours truly,

Addenda Capital Inc.



Roger J. Beauchemin, CFA  
President and Chief Executive Officer