



November 1, 2015

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 Territory  
Superintendent of Securities, Nunavut

Attention:

The Secretary  
Ontario Securities Commission  
20 Queen Street West  
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E-mail: [comments@osc.gov.on.ca](mailto:comments@osc.gov.on.ca)

Me Anne-Marie Beaudoin  
Corporate Secretary  
Autorité des marchés financiers  
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Dear Sirs/Mesdames:

**Canadian Securities Administrators (“CSA”) Staff Notice and Request for Comment 21-315  
– Next Steps in Regulation and Transparency of the Fixed Income Market (“Request for  
Comments”)**

**A. About BlackRock**

BlackRock Asset Management Canada Limited (“**BlackRock Canada**” or “**we**”) is an indirect, wholly-owned subsidiary of BlackRock, Inc. (“**BlackRock**”) and is registered as a portfolio

manager, investment fund manager and exempt market dealer in all the jurisdictions of Canada and as a commodity trading manager in Ontario.

BlackRock is one of the world's leading asset management firms, managing assets for clients in North America and South America, Europe, the Middle East, Africa, Asia and Australia. Our client base includes corporate, public, multi-employer pensions plans, insurance companies, mutual funds and exchange-traded funds, endowments, foundations, charities, corporations, official institutions, banks and individuals around the world.

## **B. BlackRock's Responses**

BlackRock wholeheartedly embraces the CSA's initiative through the Request for Comments to identify opportunities to improve market transparency and better protect investor interests. To that end, we applaud the Ontario Securities Commission's efforts to survey the Canadian fixed income landscape through the *Canadian Fixed Income Market 2014* report<sup>1</sup> and endorse appropriately calibrated regulatory measures that improve market integrity.

BlackRock welcomes the expanded transparency requirements applicable to fixed income securities proposed in the Request for Comments and strongly supports the use of the delayed data dissemination and volume cap mechanisms in order to help mitigate the potential negative impact to liquidity that additional transparency may engender. While we believe the proposed volume cap thresholds are appropriate, we do, however, have some reservations regarding the proposed dissemination delay period of T+1 to T+2<sup>2</sup>. Indeed, given Canada's comparatively small and more concentrated fixed income market, we respectfully encourage the CSA to further explore potential unintended consequences to liquidity that may flow from the post-trade delay thresholds as currently contemplated. For example, disclosures of large trades are often viewed as a market moving indicator and, therefore, we are concerned that alerting the market too quickly after a large trade may reduce market depth. In other words, dealers may be discouraged from purchasing fixed income securities – and thereby contributing to market liquidity – if such transactions must be disclosed subject to the T+1 to T+2 dissemination delay currently contemplated.

BlackRock would therefore welcome a focused review of how the proposed requirements might inadvertently discourage dealers from exposing their balance sheets through the purchase of fixed income securities given that the enhanced transparency may enable the rest of the market to place trades against them; a result that could perversely undermine the stated purpose of the Request for Comments by reducing market liquidity. We believe that this unintended adverse consequence would likely be even more acute for those fixed income securities where market depth is more challenged (e.g., high yield), with attending deleterious effects to the market as a whole.

In light of these concerns, BlackRock encourages the CSA to consider whether the parameters of the dissemination delay as currently contemplated are appropriate in light of potential consequences to liquidity. Furthermore, we respectfully submit that the CSA may wish to consider a tiered approach to the reporting requirement whereby less liquid fixed income securities are

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<sup>1</sup> <http://www.osc.gov.on.ca/documents/en/Securities-Category2/20150423-fixed-income-report-2014.pdf>

<sup>2</sup> The Request for Comments indicates that “the information will be publicly disseminated no earlier than on T+1 and likely, on T+2, in order to give IIROC the time needed to process the information.”

subject to a longer delay threshold than their more liquid counterparts. A more bespoke approach such as this may better achieve the goal of market transparency while also minimizing the potential negative effects to trading behaviour and, by extension, market liquidity. We agree, however, that monitoring the dissemination delay with the view to reducing it over time is the correct end goal.

**C. Conclusion**

BlackRock very much appreciates the opportunity to provide input on this important regulatory initiative and would be pleased to make appropriate representatives available to discuss any of these comments with you at your convenience.

Yours very truly,

*“Marcia Moffat”*

**Chief Executive Officer  
BlackRock Asset Management Canada Limited**