

June 15, 2016

BY EMAIL

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)
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
20 Queen Street West, 19th Floor, Box 55
Toronto, Ontario M5H 3S8
comments@osc.gov.on.ca

and

Madame Anne-Marie Beaudoin, Corporate Secretary
Autorité des marchés financiers
800, rue du square Victoria, 22e étage
C.P. 246, tour de la Bourse
Montréal, Québec H4Z 1G3
Consultation-en-cours@lautorite.qc.ca

Dear Sirs/Mesdames:

Re: CSA Notice and Request for Comment – Proposed Amendments to National Instrument 23-101 Trading Rules (the “Proposed Amendments”)

The Canadian Advocacy Council¹ for Canadian CFA Institute² Societies (the CAC) appreciates the opportunity to comment on the Proposed Amendments.

¹The CAC represents more than 15,000 Canadian members of the CFA Institute and its 12 Member Societies across Canada. The CAC membership includes portfolio managers, analysts and other investment professionals in Canada who review regulatory, legislative, and standard setting developments affecting investors, investment professionals, and the capital markets in Canada. See the CAC's website at <http://www.cfainstitute.org/cac>. Our Code of Ethics and Standards of Professional Conduct can be found at <http://www.cfainstitute.org/ethics/codes/ethics/Pages/index.aspx>.

² CFA Institute is the global association of investment professionals that sets the standard for professional excellence and credentials. The organization is a champion for ethical behavior in investment markets and a respected source of knowledge in the global financial community. The end goal: to create an environment where investors' interests come first, markets function at their best, and economies grow. CFA Institute has more than 135,000 members in 151 countries and territories, including 128,000 CFA charterholders, and 145 member societies. For more information, visit www.cfainstitute.org.

The CAC appreciates the diligence staff have taken to be responsive to previous comments with respect to the appropriate caps given the fees set in the U.S. markets. In general, we agree with the proposal to lower the active trading fee cap applicable to non-inter-listed securities.

As noted by market participants, trading fees in Canada are problematic because the fees are large relative to the bid/ask spreads on securities. As any rebates offered by marketplaces are unlikely to flow back to the investor and instead reside at the dealer level, distortions are created which benefit certain market participants over others, causing conflicts of interest issues. In the original 2014 notice, a pilot project was proposed which would have examined the effect of a prohibition on rebates by marketplaces. The notice accompanying the Proposed Amendments indicates the pilot has been deferred as a result of the potential loss of liquidity for securities that are inter-listed in the United States if a similar project was not simultaneously run in both markets. We agree that a pilot project would be more useful if it included inter-listed securities and was conducted as a joint pilot project with the U.S. regulators. We agree that the lower fee cap should only be seen as an interim step to reduce the agency problem identified above, and encourage the CSA to continue to discuss the potential of conducting a joint project with the U.S. in the near future.

We note that the maximum fee applies to the execution of an order against displayed volume. Additional guidance and clarity with respect to the application of the caps to non-displayed markets may be helpful.

Concluding Remarks

We thank you for the opportunity to provide these comments. We would be happy to address any questions you may have or to meet with you to discuss these and related issues in greater detail. We appreciate the time you are taking to consider our points of view. Please feel free to contact us at chair@cfaadvocacy.ca on this or any other issue in future.

(Signed) *Michael Thom*

Michael Thom, CFA
Chair, Canadian Advocacy Council