

March 18, 2014

Alberta Securities Commission
Autorité des marchés financiers
British Columbia Securities Commission
Manitoba Securities Commission
Financial and Consumer Services Commission (New Brunswick)
Nova Scotia Securities Commission
Ontario Securities Commission

John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West,
Suite 1900, Box 55
Toronto, ON M5H 3S8
comments@osc.gov.on.ca

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

Dear Sir/Madam:

Re: CSA Staff Notice 91-303, Proposed Model Provincial Rule on Mandatory Central Counterparty Clearing of Derivatives

This submission is made by New Brunswick Investment Management Corporation ("NBIMC") in reply to the request for comments published on December 19, 2013 by the Canadian Securities Administrators ("CSA") on CSA Staff Notice 91-303, Proposed Model Provincial Rule on Mandatory Central Counterparty Clearing of Derivatives.

Located in Fredericton, New Brunswick, NBIMC is the largest institutional investment manager in Atlantic Canada with assets under management of over \$10.1 billion. In managing these assets on behalf of our pension and other public sector fund clients, our primary mission is to increase the long-term value of these funds with the least amount of risk. Our clients benefit from a globally diversified selection of 25 separate investment strategies covering fixed income, equities, inflation-linked securities and alternative investment asset classes.

We believe that securities regulation relating to the introduction of centralized clearing of derivatives should seek to encourage an efficient investment process at the lowest cost possible. We believe inclusive participation will be important to achieving these objectives.

Comments

We applaud the efforts of the Canadian Securities Administrators to seek “to improve transparency in the derivatives markets to regulators and the public, and enhance the overall mitigation of risks.”

Given this objective, we do not believe that the proposed exemption to relieve market participants that trade in OTC derivatives to mitigate commercial risks is appropriate given the magnitude of such transactions for certain commercial enterprises such as oil and gas entities, mining, food processing and others. These industries with sophisticated derivative hedging strategies influence the pricing of derivative trades and present potential risk, similar to other large participants, to the financial system. We would support an amended exemption for small companies that is predicated on a combination of corporate size, transaction frequency and notional values for hedging commercial risks.

We appreciate the opportunity to comment on this proposed model rule. Please do not hesitate to contact me if you wish to discuss any aspect of this letter in further detail.

Sincerely,



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Chief Financial Officer
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