

August 1, 2018

**BY EMAIL**

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

The Secretary  
Ontario Securities Commission  
20 Queen Street West  
22nd Floor  
Toronto, Ontario M5H 3S8  
[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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C.P. 246, tour de la Bourse  
Montréal, Québec H4Z 1G3  
[consultation-en-cours@lautorite.qc.ca](mailto:consultation-en-cours@lautorite.qc.ca)

Dear Sirs/Mesdames:

Re: **CSA Staff Notice and Request for Comment 21-323 *Proposal for Mandatory Post-Trade Transparency of Trades in Government Debt Securities, Expanded Transparency of Trades in Corporate Debt Securities and Proposed Amendments to National Instrument 21-101 Marketplace Operation and Related Companion Policy (the “Proposed Amendments”)***

The Canadian Advocacy Council<sup>1</sup> for Canadian CFA Institute<sup>2</sup> Societies (the CAC) appreciates the opportunity to provide the following general comments on the Proposed Amendments.

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<sup>1</sup>The CAC represents more than 15,000 Canadian members of 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.cfasociety.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>.

We are supportive of the underlying goal of the Proposed Amendments, namely to achieve uniform post-trade transparency of trades in government and corporate debt securities. Promoting the transparency of post-trade data can lead to more efficient trading and fairer marketplaces because market participants will be able to use the data to assist in their pricing decision-making, which can narrow bid-offer spreads.

The Proposed Amendments require any person or company that executes transactions in government debt securities and corporate debt securities to report the details of orders and trades in these securities. The CSA has sought specific comment on the expansion of the transparency requirements to banks, and, in particular, Schedule III banks. In order to be most effective in creating valuable data, the Proposed Amendments should require all relevant persons and companies who trade in these securities to report order and trade information. We therefore concur that the application of the Proposed Amendments should extend to banks, including Schedule III banks. This would serve to promote data quality and reliability, even if the trades were otherwise reportable by the counterparty.

We note that it will be important for reporting entities to be discouraged or prevented from causing an affiliate to engage in the relevant trading activity to avoid the reporting requirement. As mentioned above, CSA Staff Notice 21-323 states that if Schedule III banks are excluded, trades in government debt securities or corporate debt securities between a Schedule III bank and a dealer, IDBB, Schedule I or Schedule II bank would still be within the scope of the transparency regime and would be reported by the Schedule III bank's counterparty.

We understand that with respect to the proposed government debt framework, details of completed trades would be published on T+1 (5:00 p.m. ET) and would be subject to caps on the displayed volume, determined by the liquidity characteristics of the bond (for example, \$2 million on provincial and municipal debt securities). We believe the volume caps and publication delays are reasonable, however they should be harmonized with the TRACE system in the U.S. in the near term whenever possible. The CAC would support a gradual move toward full real time post trade transparency over the long term.

With respect to the data elements to be displayed, as noted in our 2014 comment letter in response to IIROC's Proposed Rule 2800C – Transaction Reporting for Debt Securities as set out in IIROC Notice #14-0004, we continue to be of

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<sup>2</sup> 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 155,000 members in 165 countries, including more than 148,900 CFA charterholders and 149 member societies. For more information, visit [www.cfainstitute.org](http://www.cfainstitute.org).

the view that information readily available to dealers, such as the credit rating of the security and pricing benchmark, should be disseminated.

### **Concluding Remarks**

We thank you for the opportunity to provide these comments. We would be happy to address any questions you may have and appreciate the time you are taking to consider our points of view. Please feel free to contact us at [cac@cfacanada.org](mailto:cac@cfacanada.org) on this or any other issue in future.

(Signed) *The Canadian Advocacy Council for  
Canadian CFA Institute Societies*

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