ASSOCIATION DES BANQUIERS CANADIENS
CANADIAN BANKERS ASSOCIATION

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August 29, 2018

Delivered Via 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

Me Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
800, rue du Square-Victoria, 22e étage,
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Montréal, Québec H4Z 1G3
consultation-en-cours@lautorite.qc.ca

Dear Sirs/Mesdames:

The Canadian Bankers Association (**CBA**)[1] appreciates the opportunity to comment on 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*

[1] The CBA is the voice of more than 60 domestic and foreign banks that help drive Canada's economic growth and prosperity. The CBA advocates for public policies that contribute to a sound, thriving banking system to ensure Canadians can succeed in their financial goals. www.cba.ca.

Policy (the **Proposal**). While the CBA supports regulatory initiatives intended to enhance transparency in the capital markets, we have concerns with the Proposal as currently drafted. In particular, we are concerned with the significant operational impact of the Proposal on both the CSA and market participants and with the potential for the Proposal to create confusion in the market. Moreover, we believe that the Proposal is inconsistent with the Hockin-Kwinter Accord (the **Accord**). We have set out our views in greater detail below.

Significant Operational Challenges
In the vast majority of corporate debt and government debt transactions involving banks, the bank's counterparty is a broker-dealer. Broker-dealers are already subject to post-trade reporting requirements with respect to trades of corporate debt securities and would be subject to such requirements regarding trades of government debt securities under the Proposal. As such, a considerable number of transactions encompassing banks would be reported by the bank's counterparty. The extension of the reporting requirement to banks would result in limited incremental data (from the few trades where the bank's counterparty is not a broker-dealer or not otherwise subject to the reporting requirement) and numerous trades being reporting twice. In order to avoid misrepresentation of the volume of trading and confusion in the market, the CSA would have to manually reconcile the data to ensure an accurate portrayal of the information and to avoid undermining the goal of transparency. Further, in many cases, trades of fixed income products are linked to an associated derivatives transaction. The Proposal would only capture the debt side of the trade, leaving market participants with an incomplete view of the transaction. We encourage the CSA to be mindful of the operational burden of reconciling transaction data and the potential for the Proposal to impair rather than enhance transparency.

In addition to the operational burden on the CSA, the Proposal would have significant operational implications for market participants, including new infrastructure builds and the overhaul of existing processes and systems. We question whether the incremental data the CSA will obtain from the Proposal justifies the expenditure.

Hockin-Kwinter Accord
Under the Accord, the government of Ontario and the federal government agreed that the Office of the Superintendent of Financial Institutions will regulate the securities-related activities of federal financial institutions that are carried on directly by the institution. Such activities include all activities relating to sovereign debt of or guaranteed by federal, provincial and municipal governments, foreign countries and any political divisions thereof, and certain recognized international agencies, and secondary market trades in corporate debt securities. By expanding the reporting of details of government debt transactions and corporate debt transactions to banks, the Proposal deviates from the Accord and modifies a key aspect of the securities regulatory regime applicable to banks. We encourage the CSA to reconsider the Proposal in light of the Accord.

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Thank you for considering our comments on this issue. Please do not hesitate to contact me with any questions you may have.

Sincerely,