ANNEX D

LIST OF COMMENTERS

The Canadian Advocacy Council for Canadian CFA Institute Societies
Canadian Bankers Association (letters dated Aug 29, 2018 and Sep 12, 2019)
Casgrain & Company Limited
GWN Capital Management Ltd.
Invesco Canada Ltd.
Investment Industry Association of Canada
Ontario Teachers' Pension Plan
Region of Peel

SUMMARY OF COMMENTS AND CSA RESPONSES

Topic	Summary of Comments	CSA Responses
General Comments	All commenters were supportive of initiatives to enhance debt transparency although they provided mixed views regarding what level of transparency would be appropriate. Some commenters expressed the view that there should be more transparency in the debt market, including pre-trade transparency, while others cautioned that too much transparency may negatively impact the liquidity of the market and dealers' ability to continue to provide market making services.	We do not intend to mandate pre-trade transparency at this time. We remain of the view that the debt market functions differently from the equity market. It is a dealer market with no central information exchange. In addition, we recognize the concerns expressed by commenters that too much transparency may negatively impact liquidity and have introduced mitigating factors, including the volume caps and dissemination delay.
Question 1: Should the Proposed Government Debt Framework be expanded to Banks, and, in particular, Schedule III banks? **Question 3: Should the Expanded Corporate Debt Proposal include Banks, and, in particular Schedule III banks?**	All commenters, with one exception, were supportive of extending the government and corporate debt transparency requirements to Banks, including Schedule III banks. Some commenters supportive of the inclusion of Banks suggested that if Banks, particularly Schedule III banks, execute trades in government or corporate debt securities with entities that are currently subject to the transparency requirements, they should not report these trades to the IP as this approach could lead to dual reporting, inefficiencies and errors.	We agree with most commenters that the government and corporate debt transparency requirements should be extended to Banks. We recognize the concerns expressed by commenters with respect to duplicative reporting but remain of the view that all persons or companies executing trades in government and corporate debt securities should report such trades to the IP. We note that IIROC, as the IP for corporate debt securities, already requires and synthesizes dual-sided reporting without issue

	These commenters indicated that when Banks are transacting with non-reporting entities, they should be required to report. They further suggested that if Banks are included as reporting entities, the CSA should consider creating a reporting hierarchy to ensure the elimination of dual-sided reporting. One commenter expressed the view that expanding the regulatory requirements to Banks would lead to a change in the securities regulatory regime in violation of the Hockin-Kwinter Accord (**HKA**).[1] In addition, this commenter, while supportive of regulatory initiatives intended to enhance transparency in the capital markets, indicated that the Amendments, as currently drafted, might create significant operational challenges for both the CSA and market participants and create confusion in the market. After further discussions, this commenter requested that Banks be given additional time to implement the debt transparency requirements.	while disseminating only one-sided information. IIROC will take the same approach for trades in government debt securities. With respect to the HKA, the CSA is of the view that the expansion of the debt transparency requirements to Banks does not change the regulatory regime applicable to them because they will continue to remain exempted from registration requirements under provincial securities laws. In addition, we are of the view that the expansion of the debt transparency requirements to Banks is required to achieve meaningful transparency. Furthermore, we note that five banks are already reporting details of trades in corporate and government debt securities to IIROC through the MTRS 2.0. The data available to date indicates that a large proportion of trades in government and corporate debt securities are executed with counterparties other than the persons or companies already subject to transparency requirements under NI 21-101 (i.e. 65 percent of the trades reported in all debt securities and 52 percent of the volume reported in all debt securities). Based on this information, the CSA is of the view that not extending the transparency requirements to Banks would lead to an informational gap, undermine transparency and create an unlevel playing field among debt market participants,

[1] Under the Accord, the government of Ontario and the federal government agreed that the Office of the Superintendent of Financial Institutions will regulate securities-related activities of federal institutions that are carried on directly by these institutions.

		allowing for arbitrage opportunities. With respect to any operational burden, while the debt transparency requirements will be new for those Banks not currently reporting, they will have three reporting options and will be able to choose the one that best suits their transaction volume and existing infrastructure in the most cost-effective manner. As a result, we continue to be of the view that the nine-month delay in implementation provided to those Banks that do not currently report their transactions to the MTRS 2.0 is appropriate.
Question 2: Are the volume caps and publication delays appropriate, particularly for the most illiquid government debt securities such as those issued by municipalities, or those held by a number of investors?	The comments received provided mixed views regarding what would represent appropriate delays for different types of government debt securities. While many commenters expressed support for the proposed volume caps and publication delay, one of these commenters added the caveat that the proposed volume caps and publication delay should be harmonized with the TRACE system in the United States in the near term whenever possible. Below is a summary of the comments made by commenters in relation to the proposed publication delay and volume caps: - longer publication delays should be considered for those corporate and government debt securities that trade less frequently; - there are no evident benefits of shortening the publication delay from T+2 (midnight) to T+1 (5:00 pm ET) for market participants given that although market participants may have access to publicly available information more rapidly (to a maximum of seven hours), they may not use the information or	We recognize the concerns that have been raised about the potential impact of transparency on liquidity and the willingness of dealers to provide liquidity if information about their transactions becomes immediately available. To address this, we have included volume caps and a dissemination delay. After considering all comments received, we are of the view that the publication of trade details on T+1 at 5:00 pm ET is appropriate. After additional analysis and with the benefit of the comments received, we created an additional, lower volume cap for trades in securities issued by Québec municipalities. The publication delay, together with the volume caps, provide dealers with sufficient time to manage their inventory risk before information about their transactions becomes publicly available. We intend to monitor the impact of transparency over time and will adjust the dissemination delays and the volume caps should any

	trade on it before T+2, which is currently the disseminating timing for corporate bonds; - municipal debt securities should have a lower volume cap of $250K to reflect their smaller average transaction size evidenced by debt market committee members; - the municipal volume cap should be lowered to $0.5M to account for illiquidity, lower average transaction size and daily volume; and - GoC Bills, GoC <= 10 years, GoC > 10 years and CMB should have a volume cap of $3M, as at $3M, large market participant trades will be properly masked with trades from smaller participants.	unintended consequences be uncovered.