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February 26, 2019

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, Government of Prince Edward Island  
Nova Scotia Securities Commission  
Office of the Superintendent of Securities, Service NL (Newfoundland and Labrador)  
Superintendent of Securities, Northwest Territories  
Superintendent of Securities, Yukon  
Superintendent of Securities, Department of Justice, Government of Nunavut

Attention: The Secretary  
Ontario Securities Commission  
20 Queen Street West  
22<sup>nd</sup> Floor  
Toronto, Ontario  
M5H 3S8

Me Anne-Marie Beaudoin  
Corporate Secretary  
Autorité des marchés financiers  
800, square Victoria, 22e étage  
C.P. 246, tour de la Bourse  
Montréal, Québec  
H4Z 1G3

Dear Sirs/Mesdames:

**RE: CSA Staff Notice and Request for Comment 23-323:  
*Trading Fee Rebate Pilot Study***

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AGF Investments Inc. ("**AGF**") is writing to provide comments in respect of the Canadian Securities Administrators' ("**CSA**") Staff Notice and Request for Comment 23-323: *Trading Fee Rebate Pilot Study*, as published on December 18, 2018 (referred to herein as the "**Rebate Pilot**").



AGF provides asset management services globally to institutions and individuals. AGF's products include a diversified family of mutual funds, exchange traded funds, mutual fund wrap programs and pooled funds. AGF also manages assets on behalf of institutional investors including pension plans, foundations and endowments. AGF is registered in the categories of Investment Fund Manager, Mutual Fund Dealer, Exempt Market Dealer, Portfolio Manager, and Commodity Trading Manager.

AGF appreciates the opportunity to provide feedback to the CSA in respect of the Rebate Pilot proposals.

AGF believes that rebates incentivizing brokers to post quotes on certain exchanges has created market inefficiencies that are detrimental to long-term investors. Eliminating or significantly altering the rebate model that currently exists is in the best interest of investors and our Canadian market. It is AGF's opinion that such elimination/significant alternation of the rebate model will result in trade execution improving, and market data flowing more freely. It will also eliminate a lot of the "noise" currently experienced in the quote, and will ultimately make the Canadian market more trustworthy and transparent.

At AGF, we believe that the integrity and success of the Rebate Pilot are primarily dependent on the following 2 elements:

### **1. Coordination with SEC Pilot Study**

The CSA has recommended the Rebate Pilot to include all pools of liquidity, including ATS's. AGF suggests that for fullness of data, all markets should be accessible in the Rebate Pilot. We also believe that working in collaboration with the SEC is imperative to the success of the Rebate Pilot in Canada. Our respective markets are tightly aligned, and the sharing of data can only help facilitate the best possible solution for the Canadian market.

### **2. Technology Acceptance**

AGF submits that it is imperative that all technology solutions in the market today be configured to participate fully with the Rebate Pilot – whether that includes EMS/OMS platforms or any order entry systems (FIX) accessing the Canadian market. The Rebate Pilot requires nothing less than full participation, with complete data sets.

In short, AGF is interested in determining whether rebates are causing as much damage to the Canadian market as we think they are. Rebates, in our opinion, create more harm than good, and should be eliminated if the data proves our proposition.

The integrity of our market is of paramount importance. Investors who invest in Canadian securities should feel confident and protected, with minimal conflicts of interest in relation to fee rebates. The introduction of the Rebate Pilot is being applauded by many in the industry, and the outcome is highly anticipated. Whether the regulators ultimately eliminate fee rebates completely or alter them significantly, the reliability of the Canadian



market is of the utmost concern. To this end, AGF urges the CSA to steer the course for making the appropriate changes by engaging in the Rebate Pilot.

We thank the CSA for the opportunity to raise the above-noted support in favour of the Rebate Pilot proposals. AGF encourages the CSA to take their time, gather a fulsome data set, and ensure that the data garnered under the Rebate Pilot is made available for market participants to analyze and offer appropriate comment and input.

Yours very truly,

John Christofilos  
Senior Vice President and Chief Trading Officer  
AGF Investments Inc.