Friday, March 14, 2025

By email: comments@osc.gov.on.ca; consultation-en-cours@lautorite.qc.ca

The Secretary
Ontario Securities Commission
20 Queen Street West
22nd Floor, Box 55
Toronto, Ontario M5H 3S8

Me Philippe Lebel
Corporate Secretary and Executive Director, Legal Affairs
Autorité des marchés financiers
Place de la Cité, tour PwC
2640, boulevard Laurier, bureau 400
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And

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
Nova Scotia Securities Commission
Financial and Consumer Services Division, Justice and Public Safety, Prince Edward Island
Office of the Superintendent of Securities, Newfoundland and Labrador
Office of the Superintendent of Securities, Northwest Territories
Office of the Yukon Superintendent of Securities
Office of the Superintendent of Securities, Nunavut

Re: Canadian Securities Administrators (CSA) Notice and Request for Comment – Proposed Amendments to National Instrument (NI) 23-101 *Trading Rules* and Proposed Changes to Companion Policy 23-101 *Trading Rules*

The **Canadian Independent Finance and Innovation Counsel** (CIFIC) appreciates the opportunity to provide comments to the CSA regarding its proposed amendments to NI 23-101: Trading Rules.

The Canadian Independent Finance and Innovation Counsel represents national Investment Dealers and their industry's position on securities regulation, public policy, and industry issues. We represent notable CIRO-regulated Investment Dealers in the Canadian securities industry.

Reiterating CIFIC's Comments Submitted to CIRO

As stated in our comment letter submitted to CIRO on January 24, 2025, the Investment Dealers we represent believe that CIRO's proposed amendments enhance clarity; ensure harmonization with U.S. markets; and introduce structured updates, fostering a more efficient and competitive trading environment for inter-listed securities.

CIRO's Proposed Amendments Respecting Trading Increments are seen as a positive by the Investment Dealers we represent, improving the clarity and effectiveness of trading regulations.

These proposed changes align, as they should, with the U.S. SEC's updates to minimum pricing increments under Rule 612 of Regulation NMS, effective November 3, 2025. This ensures a seamless trading environment for U.S. inter-listed securities.

The proposal maintains alignment between Canadian and U.S. markets to prevent issues like market fragmentation; arbitrage; reduced liquidity; and regulatory complications. This harmonization supports efficient trading and reflects the interconnectedness of both markets. The Investment Dealers we represent are in support of CIRO's proposed amendments.

National Instrument 23-101 and Companion Policy 23-101

Consultation Questions

Question 1:

a) Do you agree with the proposal to align the maximum fee for executing an order involving a U.S. Inter-listed Security priced at CAD 1.00 or more with the reduced access fee cap adopted by the SEC:

i) at CAD 0.0010, as proposed above, without consideration for the current foreign exchange rate, or
ii) at CAD 0.0014, which approximates the SEC's adopted access fee cap with consideration for the foreign exchange rate (USD 0.0010 x 1.44)?

b) Alternatively, do you support aligning the access fee cap for U.S. Inter-listed Securities with the current fee cap for non-U.S. Inter-listed securities (CAD 0.0017)?

c) Do you support any alternatives not listed above?

Please provide rationale in support of or against any alternatives above.

CIFIC Response: The Investment Dealers we represent prefer option i): *at CAD 0.0010, as proposed above, without consideration for the current foreign exchange rate*. Having lower fees (including foreign exchange rates) would provide an advantage to the Canadian markets in terms of the total cost for trades made by Canadian brokers.

Question 2:

Will the competitiveness of the Canadian capital markets be impaired if only the trading fee caps are lowered for U.S. Inter-listed Securities? Please provide supporting rationale.

CIFIC Response: The Investment Dealers we represent believe that most companies will not use dual listing because of the cost and regulation involved. We doubt this will change due to new fees.

Question 3:

Should the trading fee caps apply to trading fees paid by passive orders in inverted (taker-maker) markets? Please provide supporting rationale. What would be the costs and benefits of applying the cap to inverted markets?

CIFIC Response: Passive orders on inverted markets are usually the domain of High Frequency traders (HFT) and other professional traders. Retail firms mostly use them to get paid for their flow. This would diminish revenues for most firms.

Question 4:

As part of the final rules adopted on September 18, 2024, the SEC rules prohibit a national securities exchange from imposing any fee or providing any rebate for the execution of an order

in an NMS stock unless such fee or rebate can be determined at the time of execution. Please discuss whether we should take a similar approach in Canada.

<u>CIFIC Response:</u> This should always be the case: fees or rebates should be determined at the time of execution. Brokers should be able to take into account the trading fees when deciding where they send their orders.

<u>Conclusion</u>

We commend the CSA for its efforts to maintain the reputation, integrity, and liquidity of the Canadian markets.

Thank you for considering our comments on this important proposal.

As always, we are available to discuss the content of this submission further, address any concerns you may have, or provide additional information as needed. Your feedback is invaluable to us, and we are committed to ensuring that we all achieve our objectives effectively and efficiently.

Please feel free to contact me at [redacted] with any questions, comments, or to schedule a call to discuss any aspects of the letter or explore potential next steps. We look forward to our continued collaboration on this matter.

Sincerely,

[redacted]

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Annie Sinigagliese, CPA, FCSI
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