**TD Securities**
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Stephen Nagy
Managing Director, SIES
CDS Clearing and Depository Services Inc.
85 Richmond Street West
Toronto, Ontario M5H 2C9

via email to: marketregulation@osc.gov.on.ca
snagy@cds.ca

***Re: OSC Staff Notice of Request for Comment – Proposed Amendments to the CDS Fee Schedule ("CDS Fee Schedule") – ISIN Issuance and CDS Eligibility Services, and Entitlements and Corporate Action Events Management***

Dear Mr. Nagy:

As a leading corporate and investment bank, TD Securities provides a wide range of integrated capital market products and services to corporations, governments and institutions. Our clients choose us for our knowledge, innovation and experience in the following key areas of finance: investment, corporate and government banking, capital markets, and interest rate, currency and derivative products.

Operating out of 12 offices in key financial centres, we provide superior advice and execution to clients around the world. Our services include the underwriting and distribution of new debt and equity issues, providing advice on strategic acquisitions and divestitures, and executing daily trading and investment.

TD Securities welcomes the opportunity to comment on the Proposed Amendments to the CDS Fee Schedule[1] and would like to provide our views on the proposed Per-Event Fees (page 5 of the Proposed Amendments).

We understand the purpose of the fee proposals is to help CDS recover processing costs; however we fail to see how the needs of the Canadian investing public are better served with the proposed changes. We strongly encourage a fairer application to recover fees that would include a blanket annual fee per issue and/or security, as opposed to fees being assessed per-event. We also recommend that any new fee be applied on a go-forward basis to new issues only and not to existing securities where additional fees have not been considered in the pricing structure.

We have the following concerns with the proposed pricing structure:

- Canadian bank issuers have a very large number of previously-issued and outstanding securities held in CDS that will now be impacted by the proposed new pay-per-event issuer fees
- These securities were structured, priced and sold with knowledge of the CDS fee structure that is currently in place, which does not charge pay-per-event fees to issuers

[1] Available at: http://www.osc.gov.on.ca/documents/en/Marketplaces/cds_20160714_rfc-events-management.pdf

- Terms of existing agreements do not allow issuers to alter the terms of previously-issued securities to reduce number or type of events & mitigate impact of this proposed fee change

- The magnitude of the additional financial burden imposed for each bank issuer is significant

- A large majority of this additional burden is specific to outstanding retail structured notes – which is a large volume, low notional business.

We understand that the growth of the retail structured notes market has contributed to some degree to the increase in the administrative burden on CDS by increasing the number entitlement events. However, the manner in which the increase to user fees is being implemented is especially punitive to retail structured notes and does not equitably share the burden across issuers and across securities.

Retail structured notes are a key part of the Canadian investment landscape – they are an important financial and retirement planning tool for investors in a low interest rate environment where investors are especially concerned with the growth and protection of their investments.

New products can be designed and priced with knowledge of the new cost structure at CDS, but this means that fees will be passed on and indirectly borne by the retail investors who purchase the products. Future products can be designed to minimize the number of entitlement events (i.e. less frequent coupon payments). However, features such as frequency of coupon payments work to the benefit of retail investors by providing recurrent cash flows and greater opportunities for reinvestment. Retail investors will suffer as a result as they will indirectly pay these increased fees, and will have reduced benefits like the option for higher payment frequencies. Instead, the focus of CDS, its participants and issuers should be on improving efficiency of the clearing and settlement process, rather than making it more expensive to Canadian investors.

TD Securities welcomes the opportunity to discuss our concerns with OSC staff and to answer any questions you may have.

Sincerely,

David Panko

Managing Director, Global Equity Derivatives

cc: Manager, Market Regulation
Market Regulation Branch
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