

Sussex Centre, Suite 902  
90 Burnhamthorpe Road West  
Mississauga, Ontario, L5B 3C3  
905-306-8600  
www.edwardjones.com

®  
**Edward Jones**

November 4, 2011

Secretary of the Commission  
Ontario Securities Commission  
20 Queen St. West  
Toronto, ON M5H 3S8

e-mail: [jstevenson@osc.gov.on.ca](mailto:jstevenson@osc.gov.on.ca)

-And-

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

e-mail: [consultation-en-cours@lautorite.qc.ca](mailto:consultation-en-cours@lautorite.qc.ca)

Dear Sirs and Mesdames:

**Re: Maple Group Acquisition Corporation – Notice and Request for Comment**

We appreciate the opportunity to comment on the proposed acquisitions by Maple Group Acquisition Corporation ("Maple") as published in the OSC and AMF Bulletins of October 7, 2011. We will confine our comments to the proposed acquisition of The Canadian Depository for Securities Limited ("CDS Ltd.") and, indirectly, CDS Clearing and Depository Services Inc. ("CDS Clearing" and, collectively, "CDS.")

Edward Jones is an investment dealer based in Mississauga, Ontario that focuses on serving the needs of individual investors. We currently serve over 300,000 individual investors in Ontario and Québec, as well as all other provinces across Canada, through more than 550 branch office locations. We are a Dealer Member of the Investment Industry Regulatory Organization of Canada ("IIROC"), a participating organization of the Toronto Stock Exchange and a Participant in CDS Clearing.

### **Maple ownership of CDS is bad for Canadian individual investors**

For the benefit of our clients and all Canadian individual investors we believe that the proposed acquisition of CDS by Maple, as structured, would be financially detrimental to all Canadians who own stocks and bonds, whether directly or through mutual funds, in retirement accounts, non-registered accounts and through pension plans. We urge the OSC and the AMF to consider the potential adverse impacts of the proposal and to deny Maple the request to purchase CDS as outlined in the proposal.

The proposal, as submitted, will effectively result in a "for-profit" monopoly for clearing and settlement services in Canada. The business of CDS has been built over the years with the active participation of various market participants, including Dealer Members of IIROC (and, formerly, Members of the Investment Dealers Association of Canada.) This has resulted in a focus on reducing costs to clear and settle transactions and a system that benefits Canadian individual investors and all market participants.

The barriers to entry for the provision of these services are substantial, and the emergence of new entrants to compete with CDS is unlikely. CDS has and is likely to retain a monopoly on clearing and settlement services in Canada and should be operated on a "cost recovery" basis for the benefit of all Canadian individual investors and market participants rather than as a "for profit" monopoly for Canadian banks and pension funds.

We submit that it is not in the best interests of Canadian individual investors or the capital markets to allow a "for-profit" model in a monopolistic environment for these services and that the existing "cost recovery" model should be maintained. The Depository Trust & Clearing Corporation ("DTCC") operates in the United States on a "cost recovery basis," as CDS does now, and offers the lowest settlement and clearing costs in the world. This should remain the benchmark and the optimal model for CDS. By contrast, vertically integrated organizations operating on a "for-profit" basis in other jurisdictions that include settlement and clearing along with stock and/or derivatives exchanges have much higher settlement and clearing costs.<sup>1</sup>

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<sup>1</sup> CDS pricing analysis study, April, 2011. Equity clearing and settlement (exchange market) CDS charges US\$0.024 per trade (before discounts), compared to US\$0.01 for DTCC and \$US0.78 for European central securities depositories.

Although Maple has committed not to have "two tier" pricing for clearing and settlement services the shift away from the current "cost recovery" basis would likely result in the elimination of rebates to Participants. In fiscal 2010, CDS returned over \$14.2 million to its Participant firms by way of price reductions, volume discounts and year end rebates which benefit clients of Participant firms. These increased costs would, ultimately, have to be passed on to Canadian individual investors and other market participants.

**Maple ownership of CDS may result in less choice for Canadian investors**

We are also concerned that with a shift from a "cost recovery" model to a "for profit" model, CDS may be motivated to modify its policies so as to restrict the availability of its service offerings. Specifically, a move to more onerous or restrictive requirements may force smaller dealers that are currently self-clearing Participants in CDS to change to an introducing relationship with a carrying broker with potentially higher costs. This may result in further industry consolidation and less choice for Canadian individual investors.

**Public Hearings**

We understand that both the OSC and the AMF intend to hold public hearings with respect to the proposal and we would appreciate the opportunity to be heard in these forums.

Yours truly,



Douglas Bennett  
Principal, Operations and Service