



March 18, 2021

**Via email:** [comments@osc.gov.on.ca](mailto:comments@osc.gov.on.ca); [consultation-en-cours@lautorite.qc.ca](mailto:consultation-en-cours@lautorite.qc.ca)

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

and

Me Philippe Lebel  
Corporate Secretary and Executive Director, Legal Affairs  
Autorité des marchés financiers  
Place de la Cité, tour Cominar  
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cc:  
British Columbia Securities Commission  
Alberta Securities Commission  
Financial and Consumer Affairs Authority of Saskatchewan  
The Manitoba Securities Commission  
Ontario Securities Commission  
Autorité des marchés financiers  
Financial and Consumer Services Commission of New Brunswick  
Superintendent of Securities, Prince Edward Island  
Nova Scotia Securities Commission  
Superintendent of Securities, Newfoundland and Labrador  
Superintendent of Securities, Yukon Territory  
Superintendent of Securities, Northwest Territories  
Superintendent of Securities, Nunavut

Dear Sirs/Mesdames,

**Re: CSA Consultation Paper 25-403 – Activist Short Selling**

This comment letter is being submitted by RBC Dominion Securities Inc. on behalf of RBC Capital Markets (“RBC” or “we”). We are writing in response to the Canadian Securities Administrators’ (“CSA”) Consultation Paper 25-403 – *Activist Short Selling* (the “Consultation Paper”) published on December 3, 2020.

RBC appreciates the opportunity to comment on the Consultation Paper, and commends the initiative of the CSA to review and consider enhancements to the activist short selling regime in Canada, as well as the CSA’s continued monitoring of industry developments such that both issuers and investors alike can benefit from greater protection against bad market actor behaviour.

As is noted by the CSA in the Consultation Paper, RBC agrees that short selling is a legitimate trading practice, including for hedging and investment risk management strategies, which is an integral part of our capital markets contributing to market liquidity and price efficiency. Short sellers may provide accurate information about issuers,

positive or negative, which can assist in ensuring market prices reflect underlying value. These goals and practices should not be materially deterred or curtailed.

RBC is supportive of a more fulsome review by the CSA, in conjunction with the Investment Industry Regulatory Organization of Canada ("IIROC"), of the existing regulatory framework and market practices related to activist short selling. RBC suggests the CSA include in its review a focus on whether the existing regulatory framework is sufficiently and clearly articulated, market participant practices adhere to such regulation (including applicable Canadian Depository for Securities (CDS) requirements) to ensure a level playing field, whether improvements can be made with respect to the timing of eligible buy-ins to further align Canadian practices with those in the U.S. market, and whether additional amendments to the regulatory framework could have material adverse impacts to ordinary course, non-concerning short selling market practices.

RBC further supports initiatives designed to require more frequent and accurate publication of aggregate short sales volumes, positions and associated data, as well as more frequent publication of failed trade information. Such information can be provided by IIROC, CDS, trading venues, the short seller itself, or all of the above.

Activist short selling is a matter taken seriously by RBC. We appreciate the opportunity to provide comments and welcome the opportunity to discuss the foregoing with you in further detail in the near future. If you have any questions or require further information, please do not hesitate to contact the undersigned.

*"Derek Flood"*

Derek Flood  
Managing Director  
Global Head of Cash Equity Trading and Head of Canadian Equities  
RBC Capital Markets